FOSUN 复星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code : 00656)

极·智
INNOVATION FOR EXCELLENCE

INTERIM REPORT 2019

FOSUN INTERNATIONAL

A Technology-Driven Consumer Group

Fosun International reported its best ever interim financial results in the first half of 2019. Profit attributable to owners of the parent hit a record high. More importantly, with over RMB6.12 billion of profit now generated from industrial operations, a year-on-year growth of 52%, we have been successful in our initiative to focus on global industrial operations and '1+N' product line strategy.

Over the past few years, Fosun has endeavored to enhancing operations across our global operating companies. In particular, we have focused on creating world class products, improving global sales and marketing with greater connectivity to customers and driving operational efficiency. We believe only if we can focus on enhancing our product competitiveness and brand influence, a strong industrial group and a global ecosystem can be established.

During the Reporting Period, our aim was to create multiple market leaders across multiple product lines under Fosun, a concept we call '1+N', such as Hanlikan® (China's first domestically developed biosimilar receiving approval for sale in China), Fosun United Health Insurance, Starcastle (China's leading one-stop senior living health services community), Club Med (the largest resort chain worldwide), Atlantis Sanya (landmark project of Sanya Tourism), etc. We have plans to create many more market leaders, including product lines for maternal care, sports, and pet care.

Looking forward, we are confident in our market-leading companies and products to deliver resilient and stable growth and deliver continued value to our shareholders. Over the medium term, we will focus on driving ROE across our businesses, focusing on superior products, branding, operational efficiency and synergies within and around our business lines. In the long term, we envisage Fosun running its '1+N' product lines, where Fosun supports market leaders creating world-class products for one billion families around the world.

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FINANCIAL SUMMARY

	For the six months ended 30 June	
In RMB million	**2019**	2018 (restated)
Revenue	**68,475.4**	43,511.8
Health	**16,465.4**	13,985.0
Happiness	**30,893.9**	13,541.3
Wealth	**21,476.9**	16,322.9
Insurance	**15,534.3**	11,314.5
Finance	**1,065.5**	1,330.5
Investment	**4,877.1**	3,677.9
Eliminations	**(360.8)**	(337.4)
Profit attributable to owners of the parent[Note]	**7,608.8**	6,858.3
Health	**865.1**	828.9
Happiness	**1,822.3**	981.7
Wealth	**4,921.4**	5,047.7
Insurance	**1,015.9**	1,078.6
Finance	**804.6**	658.6
Investment	**3,100.9**	3,310.5
Earnings per share – basic (in RMB)	**0.89**	0.80
Earnings per share – diluted (in RMB)	**0.89**	0.79

Note: Unallocated expenses are allocated to profit attributable to owners of the parent by ratio.

BUSINESS OVERVIEW & HIGHLIGHTS

The Group continued to upgrade operations and increase product competitiveness as a technology-driven consumer group, focusing on its Health, Happiness and Wealth Businesses, aiming to maintain a sustainable and healthy growth across the global business.

During the first half of 2019, the Group reported its best ever half year with a new record high for revenue of RMB68.48 billion, representing a year-on-year increase of 57%[1], with a 5 year compounded annual growth rate of 16% from 2013 to 2018. Profit attributable to owners of the parent was RMB7.61 billion, representing a 11% year-on-year growth for the same reporting period, with a 19% compounded annual growth rate for the past 5 years from 2013 to 2018. Industrial Operating Profit[2] was RMB6.12 billion, representing a 52% year-on-year growth for the same reporting period.

During the Reporting Period, the top five contributors of revenue by subsidiaries were Fosun Pharma, Yuyuan, FTG, Fosun Insurance Portugal and Peak Reinsurance and together representing 83% of total revenue (in terms of the Group's consolidated financial statement). Year-on-year growth for the Reporting Period was 20% for Fosun Pharma, 35% for Yuyuan, 36% for FTG, 50% for Fosun Insurance Portugal and 16% for Peak Reinsurance, respectively.

As at the end of the Reporting Period, the Group's total debt to total capital ratio was 53.2%, compared to 53.7% as of 31 December 2018. The Group's average cost of debt was 5.05% during the Reporting Period. As the Group has maintained a strong balance sheet in the long term and consistently improved asset liquidity by connecting more portfolio companies to the capital market, S&P Global Ratings revised outlook on the Company from stable to positive and affirmed a "BB" issuer rating in May 2019. The rating agency highlights that the Company has "a large and highly-diversified investment portfolio in wide ranging sectors and geographies" and "management team's positive track record in investment management", etc.

1 After adjusted by the impact of Yuyuan's revenue consolidated into the financial statements of the Group upon completion of the reorganization in the second half of 2018, and the major acquisitions of La Positiva, Baihe Jiayuan and Wolford, etc., the revenue in the first half of 2019 increased by 25% compared to the same period of 2018.

2 Industrial Operating Profit includes profit from operational subsidiaries, joint ventures and associates which are under equity method.

BUSINESS OVERVIEW & HIGHLIGHTS

The Group's annualized ROE at the end of the Reporting Period was 13.6%, representing a growth of 0.8 percentage point compared with the ROE of 2018. The average ROE is 13.4% from 2014 to the first half of 2019. In the first half of 2019, the Group's earnings per share ("**EPS**") was RMB0.89, representing a year-on-year growth of 11%. The Group's compounded annual growth rate for EPS over the past 5 years was 13%. The Group's book value per share ("**BVPS**") at the end of the Reporting Period was HKD15.27, representing an increase of 5% compared with the BVPS as of 31 December 2018. The Group's compounded annual growth rate for BVPS over the past 5 years was 15%.

As at the end of the Reporting Period, the adjusted net asset value ("**adjusted NAV**") per share, assessed by management was HKD25.02, representing an increase of HKD0.18 from the adjusted NAV per share recorded as of 31 December 2018.

Following the strong financial results in the first half of 2019, the Board has recommended an interim dividend of HKD0.13 per share to its shareholders for the first time.

Industry revenue continues to grow; 5 year compounded annual growth rate for total revenue reached 16% from 2013 to 2018

From the perspective of product lines, during the Reporting Period, revenue of pharmaceutical, medical and health services, and medical equipment and diagnosis of Health Business represents 66%, 23% and 11% of the total Health Business revenue of the Group, respectively; revenue of branded consumer goods and tourism and culture of Happiness Business represents 71% and 29% of the total Happiness Business revenue of the Group, respectively; revenue of household finance, corporate finance and investment of Wealth Business represents 55%, 22% and 23% of the total Wealth Business revenue of the Group, respectively.

Health Business

- In February 2019, "Rituximab Injection" (Hanlikang®) researched and developed by Shanghai Henlius was approved by the National Medical Products Administration, which is the country's first domestically developed biosimilar to receive permission for marketing, mainly used in the treatment of non-Hodgkin's lymphoma, and it has been included in the National Reimbursement Drug List.

- For the first half of 2019, Fosun United Health Insurance's income generated nationwide increased rapidly by 607% year-on-year, leveraging synergies within the Fosun ecosystem.

BUSINESS OVERVIEW & HIGHLIGHTS

Happiness Business

- FTG's recorded a profit attributable to owners of shareholders of RMB490.0 million for the six months ended 30 June 2019, as compared to the net loss of RMB254.5 million for the six months ended 30 June 2018. The turnaround was mainly due to the strong performance of the resort operation business and tourism destination business.

- Wolves made encouraging progress during the Reporting Period. It has won the seventh place in the Premier League 2018/2019, and won the championship in Premier League Asia Trophy 2019.

Wealth Business

- Fidelidade completed, at the beginning of 2019, the acquisition of 51% equity interest in La Positiva, a leading player in the Peruvian insurance market. The acquisition was Fosun Insurance Portugal's first move into Latin America and an essential step in the international expansion strategy of Fosun Insurance Portugal.

- H&A achieved a digital transformation and opened up to the Chinese market under Fosun's platform and improved its automatic operation efficiency, with profitability ranking the first among private banks in Germany.

- In May 2019, the Group completed the acquisition of FFT, a German based provider of automated and flexible production line solutions for global customers.

- In July 2019, the Group signed a contract to invest in Tenax Capital Limited[3], a Europe's boutique asset management company.

As part of the Company's continued transformation into the development model of "Industry Operations + Industrial Investment", the Company appointed Mr. Wang Can as Chief Growth Officer to further promote the "iron triangle strategy" (product and branding + membership and marketing + smart mid-offices), which will allow the Company to strengthen its mid-offices capacity, and to further implement the strategy of "1 + N" product lines.

Outlook

For the rest of 2019, while the Group remains cautious of the volatile global markets, the Group is also confident in the stable growth of its core operations and its ability to continue delivery value to its shareholders. Over the medium-term, the Group operates three business lines in Health, Happiness and Wealth, to build up a technology-driven consumer group and continue to improve its operations and product competitiveness. The Group will focus on improving the ROE between its businesses and ecosystems, focusing on superior products, branding, operational efficiency and synergies. In the long run, the Group will envisage running its "1 + N" product lines, creating world-class products for 1 billion families around the world.

[3] This transaction has not been closed yet.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, total assets of the Group amounted to RMB681,510.1 million, representing an increase of approximately 6.7% from the end of 2018. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB7,608.8 million, representing an increase of approximately 10.9% over the same period in 2018.

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	Total assets as at 30 June 2019	Total assets as at 31 December 2018 (restated)	Change from the end of 2018
Health	**90,101.6**	86,877.6	3.7%
Happiness	**157,809.1**	143,824.3	9.7%
Wealth	**447,165.0**	424,081.4	5.4%
Insurance	**204,115.6**	185,550.3	10.0%
Finance	**71,896.8**	76,530.8	(6.1)%
Investment	**171,152.6**	162,000.3	5.6%
Eliminations	**(13,565.6)**	(15,899.5)	N/A
Total	**681,510.1**	638,883.8	6.7%

Corporate Structure[1 2] (as of 30 June 2019)

Health			Happiness			Wealth			
Pharmaceutical	Medical Services & Health Management	Health Products	Tourism & Leisure	Fashion	Consumer & Lifestyle	Insurance	Finance	Investment	
Fosun Pharma 37.87%	Fosun United Health Insurance 20%	Babytree[4] 21.76%	FTG[7] 81.07%	LANVIN 65.60%	Yuyuan 68.58%	Fosun Insurance Portugal[13] 84.9884%	Fosun Hani Securities 100%	Fosun Capital 100%	Nanjing Nangang 60%
Sinopharm	Chancheng Hospital	Silver Cross 87.23%	Club Med	Tom Tailor[8] 35.35%	Tsingtao Brewery[11] 17.97%	AmeriTrust 100%	H&A 99.91%	IDERA 98%	Besino Environment 98.81%
Gland Pharma	Luz Saúde[3] 99.85%	Sanyuan Foods[5] 20.45%	Atlantis Sanya	Wolford 58.45%	AHAVA[12] 100%	Peak Reinsurance[14] 86.51%	BCP 27.25%	Cainiao 6.71%	Hainan Mining 51.57%
Sisram Med	Starcastle Senior Living 100%	St Hubert[6] 98.12%		Caruso[9] 73.78%	Baihe Jiayuan 69.18%	Pramerica Fosun Life Insurance 50%	Mybank 25%	Bund Finance Center 50%	FFT[15]
We Doctor				St. John[10] 70%	Wolves 100%	Yong'an P&C Insurance 40.68%	Guide 69.14%	28 Liberty 100%	

Notes:

1. This simplified corporate structure illustrates the key investments of the Group only. The equity percentage reflects the total direct shareholdings held by the Group, associates, joint ventures and funds managed by the Group as of 30 June 2019.
2. The companies marked in the dotted-line borders are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The companies marked in the shaded boxes are invested by FTG. For specific information, please refer to the disclosure of FTG. The companies marked in the double-line borders are invested by the joint venture of the Company, Nanjing Nangang.
3. The Company and Fidelidade held 49% and 50.85% equity interest in Luz Saúde, respectively. Therefore, the Group held 92.22% effective equity interest in Luz Saúde.
4. The Company, together with its wholly-owned subsidiary, held 21.62% equity interest in Babytree. In addition, Fidelidade held 0.13% equity interest in Babytree. Therefore, the Group held 21.73% effective equity interest in Babytree.
5. The Company through its wholly-owned subsidiary and a fund under management of the Group, held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held 37.25% effective equity interest in such fund, thus, the Group held 18.08% effective equity interest in Sanyuan Foods.
6. St Hubert was held as to 98.12% by an associate of the Group in which the Group held 51% equity interest.
7. The Company's equity interest in FTG was diluted to 80.97% as at 31 August 2019 due to the issue and allotment of new ordinary shares by FTG in July 2019.
8. As of the settlement date of the takeover offer (12 July 2019), Tom Tailor was held as to 46.75% by the Company and 29.99% by a wholly-owned subsidiary of Yuyuan. Therefore, the Group held 67.32% effective equity interest in Tom Tailor.
9. The Company through its wholly-owned subsidiaries held 43.40% equity interest in Caruso. The joint venture established by the Group and a fund managed by the Group held 30.38% equity interest in Caruso (the Group held 17.00% equity interest in the joint venture). Therefore, the Group held 43.40% effective equity interest in Caruso.
10. The joint venture established by the Group and a fund managed by the Group held 70% equity interest in St. John Knit International Inc. (the Group held 19.70% equity interest in the joint venture).
11. As at the end of the Reporting Period, Tsingtao Brewery was held as to 11.66% by two wholly-owned subsidiaries of the Company, as to 2.55% and 0.53% by Fidelidade and Peak Reinsurance, both are subsidiaries of the Company, respectively, and as to 3.22% by a fund managed by the Group. Therefore the Group held 14.29% effective equity interest in Tsingtao Brewery. As at 31 August 2019, Tsingtao Brewery was held as to 11.66% by two wholly-owned subsidiaries of the Company, as to 1.69% and 0.25% by Fidelidade and Peak Reinsurance, both are subsidiaries of the Company, respectively, and as to 2.14% by a fund managed by the Group. Therefore the Group held 13.32% effective equity interest in Tsingtao Brewery.
12. The Company through its subsidiary held 100% equity interest in AHAVA. Such subsidiary was owned as to 94.21% effective interest by the Group. Therefore, the Group held 94.21% effective equity interest in AHAVA.
13. The Company held 84.9884% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência through its wholly-owned subsidiary.
14. The equity interest held by the Group was decreased from 86.9% to 86.5% as a result of the issue and allotment of shares by Peak Reinsurance Holdings Limited pursuant to terms of a share award plan adopted in December 2012.
15. FFT was 100% held by an associate of the Group which was invested through the funds managed by the Group.

MANAGEMENT DISCUSSION & ANALYSIS

HEALTH

HEALTH

During the Reporting Period, the revenue and profit attributable to owners of the parent of the Health Business were as follows:

Unit: RMB million

	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Change over the same period of last year
Revenue	**16,465.4**	13,985.0	17.7%
Profit attributable to owners of the parent	**865.1**	828.9	4.4%

During the Reporting Period, the increase in revenue of the Health Business was mainly attributable to the continuous and steady growth of Fosun Pharma's revenue. Although Fosun Pharma's profit declined resulting from the increased early market investments in innovative R&D, new business development, new product launch, etc., health products business and health business investments still had a good performance, which caused a 4.4% increase in profit attributable to owners of the parent of the Health Business over the same period of last year.

The Group's Health Business includes three major parts: Pharmaceutical, Medical Services & Health Management and Health Products.

Pharmaceutical

Fosun Pharma

During the Reporting Period, the revenue of Fosun Pharma and its subsidiaries ("**Fosun Pharma Group**") increased by 19.70% as compared to the corresponding period in 2018 to RMB14,085 million, and excluding the impacts of the new acquisition of enterprises as comparable factors and other factors, the revenue would have increased by 19.55% on the same basis as compared to the corresponding period of 2018. In particular, the revenue from pharmaceutical manufacturing and R&D segment amounted to RMB10,814 million, representing an increase of 21.89% as compared to the corresponding period of 2018. The revenue from healthcare service segment amounted to RMB1,459 million, representing an increase of 21.68% as compared to the corresponding period of 2018.

During the Reporting Period, Fosun Pharma Group recorded revenue of RMB10,789 million in China Mainland, representing an increase of 23.49% as compared to the corresponding period of 2018. A revenue of RMB3,296 million was recorded from other countries or regions, representing an increase of 8.76% as compared to the corresponding period of 2018.

During the Reporting Period, sales of Fosun Pharma Group grew and the receivables' collection was good. As a result, cash flow from operating activities continued to show a rising trend. Net cash flow from operating activities amounted to RMB1,450 million, representing an increase of 13.40% as compared to the corresponding period of 2018.

During the Reporting Period, Fosun Pharma Group continued to enhance its research and development ("**R&D**") investment. The total R&D investment for the first half of 2019 amounted to RMB1,351 million, representing an increase of RMB163 million or 13.69% as compared to the corresponding period of 2018. In particular, R&D expenses amounted to RMB849 million, representing an increase of RMB140 million or 19.80% as compared to the corresponding period of 2018. During the Reporting Period, the R&D investment in the pharmaceutical manufacturing and R&D segment amounted to RMB1,205 million, representing an increase of RMB141 million or 13.23% as compared to the corresponding period of 2018. In particular, the R&D expenses amounted to RMB724 million, representing an increase of RMB128 million or 21.45% as compared to the corresponding period of 2018.

During the Reporting Period, total profits and net profits of Fosun Pharma Group amounted to RMB2,196 million and RMB1,820 million, respectively, representing an increase of 7.78% and 4.70% as compared to the corresponding period of 2018, respectively. The result for the second quarter and for the first half of 2019 has been improved compared with the first quarter 2019 and the second half of 2018 respectively. However, affected by factors such as initial losses in innovation incubation platforms established by Fosun Pharma Group, including Fosun Lead (Shanghai) Healthcare Technology Co., Ltd. (復星領智(上海)醫藥科技有限公司) and Fosun Orinove Pharma Tech Inc. (復星弘創(蘇州)醫藥科技有限公司), the initial losses in U.S. and European subsidiaries, the clinical trials conducted by Shanghai Henlius for a number of biopharmaceutical innovative drugs, the intensified operating losses of joint ventures including Fosun Kite Biotechnology Co., Ltd. (復星凱特生物科技有限公司) and Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (直觀復星醫療器械技術(上海)有限公司) due to business expansion and the advancement of R&D, and the increase in selling expenses due to the development of new product and new market, net profit attributable to shareholders of the Fosun Pharma Group and net profit (after extraordinary gain or loss) attributable to shareholders of Fosun Pharma Group amounted to RMB1,516 million and RMB1,168 million, respectively, representing a decrease of 2.84% and 2.75%, as compared to the corresponding period of 2018.

Medical Services & Health Management

Fosun United Health Insurance

Fosun United Health Insurance was established in January 2017 in Guangzhou, Guangdong Province, with a registered capital of RMB500 million. As at the end of the Reporting Period, the Group held 20% equity interest in Fosun United Health Insurance.

Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, healthcare insurance and accident insurance in the PRC markets, providing high quality life cycle products and the whole-process service system for Chinese families.

As at the end of the Reporting Period, Fosun United Health Insurance has already launched more than 60 products and has accumulated more than 980,000 customers. Among them, long-term insurance products "Kang Le" and managed medical insurance product, have been well-received by the market and customers, and the premium income of these products continued to increase.

As at the end of the Reporting Period, Fosun United Health Insurance expanded its operations into Guangdong Province, Beijing, Shanghai and Sichuan Province, and set up branches in Foshan, Dongguan, Jiangmen, Zhongshan, Huizhou and other cities in Guangdong province. The company is also approved by local regulator to launch its business in Jiangsu. Its insurance income generated nationwide amounted to RMB1,076 million, representing a year-on-year increase of 607%; and the latest comprehensive risk rating of Fosun United Health Insurance was B rated in the first quarter of 2019 by China Banking and Insurance Regulatory Commission.

Fosun United Health Insurance will continue to explore the opportunities to establish online health consultation services to help customers manage chronic illnesses, and to provide premium experience in medical treatment to customers and high quality healthcare services to more individuals and families.

MANAGEMENT DISCUSSION & ANALYSIS

Star Healthcare

Shanghai Star Healthcare Co., Ltd. ("**Star Healthcare**") is a wholly-owned subsidiary established by the Group through an initial capital injection of RMB50 million in 2014. Star Healthcare integrates the Group's internal and external eminent medical resources to provide one-stop and whole-process healthcare management services and third-party insurance services for mid-to-high end members and corporate customers including planning products for employee healthcare benefits that targets for corporate customers, innovative products targeting insurance customers and healthcare service products focused on mothers and their children.

The network resources of Star Healthcare in China concentrated on over 700 cooperative medical and checkup institutions in 300 cities. By leveraging the leading insurance claim core system within the industry, Star Healthcare provided professional direct payment of medical management and claim settlement services for insurance companies.

Luz Saúde

Luz Saúde is a leading private healthcare provider group in Portugal. Luz Saúde was delisted from Euronext Lisbon in November 2018. As at the end of the Reporting Period, the Group held an aggregate of approximately 99.85% equity interest in Luz Saúde.

As at the end of the Reporting Period, Luz Saúde owned 14 private hospitals, 1 national healthcare service hospital under a public private partnership, 13 private ambulatory clinics and 2 senior residences. Luz Saúde offered approximately 1,650 beds and continued its growth in the Portuguese private healthcare market through a series of acquisitions, expansion and greenfield projects.

During the Reporting Period, Hospital da Luz Lisboa of Luz Saúde (one of the largest private hospitals in Portugal) is currently undergoing expansion to increase service capacity by 80% upon completion of expansion and further reinforce its market leadership position. In addition, Luz Saúde focused on the expansion of Hospital of Vila Real (opened in September 2018), a new private hospital of Luz Saúde in the north of Portugal, as well as the expansion of recently acquired units like Hospital da Luz Torres de Lisboa, Hospital da Luz Coimbra and Hospital da Luz Funchal.

In addition, Luz Saúde has been investing in three areas that will be the focus of its strategy and the source of significant competitive advantage in the future: digitalization of clients' access to healthcare (development of a fully digital clinical centre combined with a proprietary application, as well as implementation of an advanced customer relationship management (CRM) system); value based medical system (implementation of an overarching project across the organization which radically changes the way to deliver healthcare to patients as well as to provide services to clients); and advanced analytics (leveraging on the huge amounts of data currently held in the organization to develop advanced analytics use cases focusing on three levels: clinical, operational and client).

During the Reporting Period, Luz Saúde recorded revenue of EUR299.5 million and EBITDA of EUR30.4 million, with an EBITDA margin of 10.2%, compared with the revenue of EUR273.2 million, EBITDA of EUR27.8 million and EBITDA margin of 10.2% for the same period in 2018; its profit attributable to owners of the parent was EUR6.2 million, as compared to EUR7.2 million for the same period in 2018.

Starcastle Senior Living

Starcastle Senior Living was established in July 2012. Starcastle Senior Living's first high-end senior living project for Chinese senior citizens commenced its operations in May 2013, providing one-stop and whole-process services to Chinese seniors, from independent living to hospice care.

Phase I of Starcastle Senior Living's Zhonghuan Community had 219 units, with an occupancy rate of 92% as at the end of the Reporting Period. In Starcastle Senior Living's Pujiang Community, there were a total of 395 units, with an occupancy rate of 52% as at the end of the Reporting Period. Together, the

2 projects have the capacity to accommodate approximately 1,200 seniors. Additionally, the construction of Phase II of Starcastle Senior Living's Zhonghuan Community commenced in April 2017. It is expected to commence operations at the end of 2019 and provide 897 units.

Health Products

Fosun's health products business focuses on investment in world-class health management companies and profound industry operations. It strives to provide families around the world with safe, high-quality and innovative health consumption platforms, products and services, including healthy foods, maternal and nursery goods, personal healthcare, senior living products and new retail.

Babytree

As at the end of the Reporting Period, the Group held 21.76% equity interest in Babytree.

As at the end of the Reporting Period, Babytree owned and operated one of the largest and the most active maternity and child-focused community platforms in China by the average monthly active users (MAU), dedicated to connecting and serving young families, which are families between two years before the birth of a child and six years after. In 2018, Babytree successfully created customized services for young Chinese families. Babytree also leveraged the Group's health resources to start online premium content and health service businesses.

In May 2018, Babytree announced a strategic investment by Alibaba Group Holding Limited (through its subsidiary), and in November 2018, Babytree was successfully listed on the Hong Kong Stock Exchange with stock code 01761, raising net proceeds during the initial public offering approximately HKD1,769.7 million.

In the first half of 2019, Babytree recorded total revenue of RMB240.7 million, excluding the effect of fair value change of financial liabilities at fair value through profit or loss, which is non-recurring in nature, Babytree recorded adjusted loss of RMB98.3 million.

Silver Cross

The Group acquired Silver Cross in 2015 and held 87.23% equity interest as at the end of the Reporting Period. Established in 1877, Silver Cross is one of the most iconic maternal and nursery brands in the UK.

Silver Cross remains renowned for its meticulous design, high-end craftsmanship, excellent materials and attention to details. Its traditional hand-made baby prams, travel accessories, safety seats and furniture are well recognized and highly rated by customers worldwide. Silver Cross benefits from its international distribution channels and offices across the US, Europe, the Middle East and the Asia-Pacific region.

In the first half of 2019, Silver Cross invested heavily in the development of premium quality product ranges for its new car safety seat and baby wear categories. These new categories are to be launched in the second half of 2019, supported by dedicated category managers, promotional events and high-efficiency marketing impact. Whilst the UK retail channel remained very challenging in the first half of 2019, Silver Cross's management are encouraged by the growth in the first half year from the nursery furniture category and by successful market penetration in China and North America.

During the Reporting Period, Silver Cross recorded operating revenue of approximately GBP22.3 million and a loss before tax of approximately GBP0.1 million.

MANAGEMENT DISCUSSION & ANALYSIS

Sanyuan Foods

The Group is the second largest shareholder of Sanyuan Foods with 20.45% equity interest as at the end of the Reporting Period, which was acquired through an injection of approximately RMB2 billion by way of a private placement in 2015.

Sanyuan Foods has a renowned state-owned brand in the Chinese dairy industry, it is well-regarded for its brand image and extensive sales channels. Sanyuan Foods enjoys significant market advantages in Beijing and peripheral markets.

After acquiring shares in Sanyuan Foods, Fosun utilized its global resources to achieve integrated development of Sanyuan Foods and enhance its leading position in the Chinese dairy industry by optimizing corporate strategies and introducing merger and acquisition targets. In January 2018, Fosun and Sanyuan Foods completed the joint acquisition of St Hubert in France, through which they will leverage the strengths of both parties in distribution and providing innovative and high quality healthy food products.

In the first half of 2019, Sanyuan Foods recorded revenue of RMB4,172.7 million and net profit attributable to shareholders of the listed company of RMB184.0 million, representing an increase of 9.97% and 47.32% over the same period of 2018, respectively.

St Hubert

In January 2018, Fosun and Sanyuan Foods successfully acquired St Hubert, a French renowned leading healthy food company. As at the end of the Reporting Period, the Group together with Sanyuan Foods held 98.12% equity interest in St Hubert.

Established in 1904, St Hubert has annual sales of approximately 35,000 tonnes. St Hubert has a leading edge in research and development and innovation and is a pioneer in the healthy food industry. Its product lines include vegetable spreads, vegetable yogurts, vegetable drinks and desserts and are free of hydrogenated fats, trans fats and genetically modified ingredients.

St Hubert and its sub-brand Valle' are both market leaders of their local vegetable spreads market. In the first three months of 2019, St Hubert's market share reached 42.3% in France, while Valle' market share amounted to 70% in Italy.

The Group and Sanyuan Foods initially assisted St Hubert in introducing its existing spread and soy-based yogurt product lines into the Chinese market, establishing retail and corporate customer channels in China, as well as sharing logistics resources and jointly developing new healthy product lines, such as new type of vegetable spreads and other plant-based products.

In the first half of 2019, St Hubert recorded an operating income of approximately EUR55.1 million, and EBITDA of EUR18.4 million.

Aitrox

As the first internally incubated AI medical technology company of Fosun, Shanghai Aitrox Information Technology Co., Ltd (上海杏脈信息科技有限公司, "**Aitrox**") marks a major milestone in the Group's diversification into the medical artificial intelligence market. It has launched a variety of artificial intelligence products in fields of Radiology, Pathology, and Laboratory, namely Proxai, Pannotation, Placks and Pyxis. They cover multiple cancer screening fields such as lung, cardiovascular, orthopedics, liver, respiratory virus, lung cancer, cervical cancer, and breast cancer. Aitrox is committed to integrating premium resources from the whole healthcare industry chain and establishing a complete closed loop of the healthcare business. It has reached cooperation with more than 200 medical institutions across the country and is ranked among the first tier of the industry.

HAPPINESS

HAPPINESS

During the Reporting Period, the revenue and profit attributable to owners of the parent of the Happiness Business were as follows:

Unit: RMB million

	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Change over the same period of last year
Revenue	**30,893.9**	13,541.3	128.1%
Profit attributable to owners of the parent	**1,822.3**	981.7	85.6%

During the Reporting Period, revenue of Happiness Business increased by 128.1%, mainly attributable to the substantial increase in revenue from FTG over the same period of last year, as well as the revenue of Yuyuan consolidated into the financial statements of the Group after the completion of the reorganization in July 2018. Profit attributable to owners of the parent increased by 85.6%, which was mainly because of the turning around from loss to profit of both FTG and Wolves. Also, after Yuyuan's reorganization, its profit attributable to owners of the parent during the Reporting Period reached RMB1.02 billion, being the main source of profit of the Happiness Business.

The Group's Happiness Business includes three major parts: Tourism & Leisure, Fashion and Consumer & Lifestyle.

Tourism & Leisure

FTG

FTG is one of the world's leading leisure-focused integrated tourism groups, and the largest leisure tourism resorts group worldwide in terms of revenue in 2018. Focusing on the leisure and tourism needs of families around the world, it is engaged in the entire industry chain of leisure and tourism with integration of global resources. FTG was spun off from the Group and successfully listed on the main board of the Hong Kong Stock Exchange in December 2018.

Through FTG's lifestyle proposition, "Everyday is FOLIDAY," FTG seeks to infuse concepts of tourism and leisure into everyday living, and provide tailor-made, one-stop solutions through FOLIDAY global ecosystem. The principal activities of FTG are (i) resorts, which FTG operates through Club Med and Club Med Joyview; (ii) tourism destinations, which FTG develops, operates and manages, including Atlantis Sanya, Lijiang FOLIDAY Town, Taicang FOLIDAY Town, as well as destinations FTG manages for other parties; and (iii) services and solutions in various tourism and leisure settings.

MANAGEMENT DISCUSSION & ANALYSIS

FTG has made encouraging progress during the Reporting Period. Its total revenues increased by RMB2,395.3 million to RMB9,062.7 million in the first half of 2019, compared with RMB6,667.4 million in the same period of 2018. Gross profit increased by RMB1,217.2 million to RMB3,015.7 million in the first half of 2019, compared with RMB1,798.5 million in the same period of 2018. Adjusted EBITDA increased to RMB1,994.2 million in the first half of 2019, compared with RMB425.0 million in the same period of 2018. Profit attributable to owners of shareholders was turned around with net profit amounted to RMB490.0 million in the first half of 2019 against the net loss of RMB254.5 million in the same period of 2018.

FTG offers premium resort services in an all-inclusive package that includes accommodations, sports and leisure activities, entertainment, childcare, meals and open bar in a wide range of resorts around the world under the Club Med brand, and offer, in China, both Club Med and Club Med Joyview resorts. Its resort business under Club Med brand has demonstrated steady growth in the first half of 2019. The business volume increased by 5.0% in the first half of 2019 compared with the same period of 2018.

Atlantis Sanya, is located on the Haitang Bay National Coast of Sanya in Hainan province, China. As the first tourism destination project of FTG located in Sanya, it has approved to be an icon of tourism upgrading v3.0 of Sanya, Hainan Province. Atlantis Sanya was commenced construction in 2014, had its soft opening in February 2018 and officially opened on 29 April 2018.

The business volume of Atlantis Sanya for the first half of 2019 was RMB656.0 million, compared to RMB204.9 million in the same period of 2018. Customer visits to Atlantis Sanya in the first half of 2019 nearly tripled to approximately 2.5 million from 883 thousand in the same period of 2018. In addition, 141 pre-sold units in Tang Residence were delivered to customers in the first half of 2019.

In addition to Atlantis Sanya, FTG has also embarked on two new tourist destination projects by starting the construction of Lijiang FOLIDAY Town and Taicang FOLIDAY Town in 2019, both being well-designed tourist attractions for sightseeing, resorts, sports and other types of accommodation, facilities for leisure and entertainment, customized vacation inns and residences, and various kinds of entertainment and cultural activities.

Furthermore, FTG provides services and solutions in various tourism and leisure settings. During the Reporting Period, FTG has achieved great progresses in its tourism-related services and solutions business. Two Miniversity clubs have been under operation in Shanghai since March 2019. The resident show C in Atlantis Sanya officially started in 2019 Spring Festival. Its FOLIDAY travel distribution platform saw nearly three folds in business volumes. Through these endeavours, it has enriched offerings of distinctive vacation experiences and expanded the distribution channel. The different offerings interact with synergies and enable it to realize one-stop services. Foryou Club, FTG's proprietary royalty program has accumulated more than 3.5 million members as at the end of the Reporting Period.

Fashion

LANVIN

In April 2018, the Group completed its investment in France's oldest luxury couture house that remains active, LANVIN. As at the end of the Reporting Period, the Group was LANVIN's controlling shareholder with an equity interest of 65.60%.

Founded in 1889 by Jeanne Lanvin, LANVIN has long been synonymous with Parisian elegance, style and fashion. Currently, LANVIN operates in more than 50 countries, designing, producing and selling womenswear, menswear, kidswear and accessories including footwear and leather goods.

By combining Fosun's global resources and LANVIN's profound heritage, both can explore new opportunities in the Chinese market, operational improvements and potentials for further global expansion.

During the Reporting Period, while maintaining its distinguished brand image, LANVIN continued to reshape its operation, including but not limited to organizational restructuring, talent mapping, and improving operation efficiencies. In August 2018, Fosun Fashion Group announced the appointment of Mr. Jean-Philippe Hecquet as global CEO of LANVIN. Mr. Jean-Philippe Hecquet served multiple different executive roles over the past 20 years at two of the leading global fashion companies. In January 2019, LANVIN announced the appointment of Mr. Bruno Sialelli as the creative director, to set up a new direction for the brand. During the Reporting Period, LANVIN successfully held two fashion shows (Fall-Winter 2019 & Spring-Summer 2020) in Paris, France.

Tom Tailor

In April 2019, the Company made a voluntary public takeover offer to all shareholders of Tom Tailor, the settlement of which took place in July 2019. As of the settlement date of the takeover offer (12 July 2019), the Group held 76.75% equity interest in Tom Tailor.

Founded in 1962 and headquartered in Hamburg, Germany, Tom Tailor is an international, vertically integrated fashion company focusing on casual wear in the medium price segment through its brands TOM TAILOR and BONITA, complemented by an extensive range of fashionable accessories and home textiles. Tom Tailor is represented in more than 32 countries with its core markets being Germany, Austria, Switzerland, South-Eastern Europe and Russia.

The first half of 2019 is still a difficult period for the fashion industry worldwide. Nevertheless, the core brand TOM TAILOR continued to develop positively against the market trend. This development underlines that the business model with a mixture of wholesale, retail and e-commerce has been proven stable and sustainable.

The BONITA brand reported a decline in sales and earnings and thus didn't meet management's expectations in the first half of 2019. As a consequence, restructuring measures have been implemented and further development model and options for BONITA are being considered.

Wolford

In May 2018, the Group completed an acquisition of a majority stake of 50.87% in Wolford at the consideration of EUR12.80 per share. Followed by the Group's tender offer and capital increase, the Group held 58.45% stake in Wolford as of 30 June 2019.

Founded in an Austrian town Bregenz in 1950, Wolford is the market leader for luxury legwear and bodywear and has also established itself in the exclusive lingerie segment. Wolford listed on the Vienna Stock Exchange since 1995. Over decades, Wolford has introduced numerous product innovations, of which some remain bestsellers today. Wolford designs and manufactures its products exclusively in Europe and meets the highest environmental standards. As at the end of the Reporting Period, Wolford is presented in approximately 60 countries and regions worldwide with more than 3,000 retail partners.

In business year 2018/2019, an essential part of the corporate strategy is to make the Wolford brand relevant to younger consumers once again. This means having the right fashion collection and accompanying product communications exploiting all channels. Since the official launch of the new campaign, which was photographed by the well-known fashion photographer Ellen von Unwerth, Wolford has been presented across the globe with a new visual language. Moreover, the new shop concept has been introduced in January 2019 in Amsterdam and in February 2019 in Paris. The new brand presence will be complemented by an entirely overhauled packaging concept which will also be introduced with Spring Summer 2020 Collection. One more important milestone is the new strategy for Chinese market: Wolford will substantially expand its Chinese market presence with the support of the Group. Since February 2019, Wolford has been relying on Fosun Fashion Brand Management Company (FFBM) as a new partner to manage its presence in the key Chinese market with its ever-growing class of luxury oriented consumers.

MANAGEMENT DISCUSSION & ANALYSIS

At the end of the business year 2018/2019, Wolford received the Gold level of the "Cradle to Cradle Certified™" award. This makes Wolford the first and still the only company worldwide in the textile industry to receive Gold level of the "Cradle to Cradle Certified™" for developing environmentally neutral products in both categories (biodegradable and technically recyclable).

As at the end of the Reporting Period, Wolford owned 259 offline stores (including self-operated and associated stores) and 17 online stores for sales and marketing.

Consumer & Lifestyle

Yuyuan

In November 2002, the Group became the largest shareholder of Yuyuan. In July 2018, Yuyuan completed an asset reorganization and subsequently the Group made further acquisition of its shares on the secondary market. As at the end of the Reporting Period, the Group held approximately 68.58% equity interest in Yuyuan.

Yuyuan is a flagship platform in the Group's Happiness Business and it owns jewelry fashion ("**Laomiao**" and "**Yayi**"), culture & commerce, multi-functional real estate and other business sectors. Yuyuan Jewelry Fashion Group focuses on improving product competitiveness, launching a number of new products such as "Gu Yun Jin" and "Shi Lai Yun Zhuan" series. Meanwhile, channel development achieved satisfactory results, with a net increase in network outlets of 327 to 2,417 during the first half of 2019. In February 2019, Yuyuan expanded its industrial chain resources globally in diamond and gem market, upon completion of the acquisition of 80% equity interest in International Gemological Institute which is headquartered in Belgium. The acquisition is expected to contribute further growth of its jewelry fashion business in the future. During the Reporting Period, jewelry fashion business achieved a year-on-year growth of 15.91% to RMB10,095.6 million in revenue.

Culture & commerce business brings together many famous time-honoured brands of China, aiming at promoting the inheritance and revival of such brands and introducing new products. During the Reporting Period, Yuyuan business district underwent a large-scale renovation and transformed to a more appealing landmark for culture and commerce. The vegetarian restaurant of Songyuelou in the Yuyuan business district was re-decorated and re-opened. The noodle restaurant of Songhelou was newly opened. The planning and design of Yuyuan II was also launched. In addition, the herbal beverage, red-can Li Gao Lu, Qiao's sesame pills and brown sugar jujube pills were introduced. Tonghanchuntang focuses on the same origin of medicine and food, and launched several new healthy tea bags and other products.

Multi-functional real estate business sticks to urban cultivation. Utilizing high-quality resources of the Group, it continues to expand business landscape. Multi-functional real estate business adheres to the development model of "integration of industry and real estate" and the concept of "developing city by industry operations, building nests by city", to achieve the complementary and integrated development of industry and real estate business. In the first half of 2019, Tianjin Binhai Industry Landmark was newly acquired by the company. At the same time, the opening preparation of the project of Yunshang International Fashion Center in Wuhan was successfully launched and joined hands with the East Gate of Seoul, South Korea, attracting hundreds of South Korean brands to open shops in the center. It is committed to building the industrial and fashion center of garment trade and apparel in Wuhan.

During the Reporting Period, Yuyuan recorded revenue of RMB19,563.0 million, representing an increase of 34.62% compared to the adjusted revenue over the same period of last year; and net profit attributable to the shareholders of the listed company of RMB1,021.4 million, representing an increase of 9.31% compared to the adjusted figure over the same period of last year.

Tsingtao Brewery

In March 2018, the Group and the fund under its management completed the acquisition of approximately 17.99% equity interest in Tsingtao Brewery with a total consideration of HKD6,617 million. As at 31 August 2019, the Group and the fund under its management held 32.47% in aggregate of the issued H Shares and 15.75% in aggregate of the total issued shares of Tsingtao Brewery.

Founded in 1903 by German and British merchants, Tsingtao Brewery is one of the earliest brewery in China. As at the end of the Reporting Period, it is sold in more than 100 different countries and regions, producing both middle- and high-end products in more than 60 breweries across China for Tsingtao Brewery's various brands including "Tsingtao" and "Laoshan".

In June 2018, the Group and Tsingtao Brewery signed a framework agreement of strategic cooperation and agreed to create synergy and strengthen cooperation through various ways.

During the first six months of 2019, Tsingtao Brewery recorded total operating revenue of approximately RMB16.55 billion, representing an increase of 9.22% over the same period of last year, and a net profit attributable to owners of the listed company of approximately RMB1.63 billion, representing an increase of 25.21% over the same period of last year.

AHAVA

The Group invested RMB539 million into Israeli cosmetic company AHAVA in September 2016 and the Group held 100% equity interest in AHAVA as of 30 June 2019.

AHAVA (Hebrew for "love") is a Dead Sea beauty and wellness brand with over 30 years of history. AHAVA sells its products in over 20 countries and regions and has branches in the US, Germany and China. AHAVA is the only cosmetics company with research and development and manufacturing facilities located along the shores of the Dead Sea. The company manufactures cosmetics products with unique natural resources such as water, salt and mud from the Dead Sea in addition to plants growing near the Dead Sea, which are highly rated by consumers worldwide.

In the first half of 2019, AHAVA's revenue in Israel grew by 14.2% over the same period of last year. The trust of Fosun's management team, in addition to a new incentives scheme, have contributed to improving execution and to this significant growth in Israel's domestic business despite of the instability of Israel's political situation at the beginning of this year. Ever since AHAVA was acquired by the Group, Fosun has helped the company enter into the Chinese market.

In the first half of 2019, AHAVA's net sales grew by 23.0% over the same period of last year, keeping positive growth since acquisition. As of 30 June 2019, 120 Stock Keeping Units (SKUs) received approvals from State Administration for Market Regulation in China. In 2019, AHAVA expects further opportunities for sustainable growth in Israel with new products to be launched. Furthermore, AHAVA expects expansion opportunities in Asia, especially in China.

Baihe Jiayuan

In July 2018, the Group acquired approximately 69.18% equity interest in Baihe Jiayuan with a total consideration of approximately RMB4 billion. Baihe Jiayuan is principally engaged in internet information service business, providing products and services in the matchmaking-to-wedding industry chain.

Centering around Chinese families, Fosun focuses on their core needs of happiness. As a leading service supplier of matchmaking-to-wedding industry chain in China, Baihe Jiayuan is devoted to building a happiness ecosystem of marriage and families. Dating and matchmaking, wedding planning and relationship management are indispensable for creating and maintaining enjoyable family lives. It is a shared strategic vision of Fosun and Baihe Jiayuan to create happiness ecosystem for Chinese families.

Guided with this strategic vision, Fosun and Baihe Jiayuan integrate dating and matchmaking services with the business "Health, Happiness and Wealth". With the core needs of the Chinese young families and increasing family consumption demands, excellent products and services are offered and happy lives for families worldwide are created.

MANAGEMENT DISCUSSION & ANALYSIS

Cirque du Soleil

The Group and funds under its management invested in Canada's Cirque du Soleil in July 2015. As at the end of the Reporting Period, the Group and the funds under its management jointly held 24.43% equity interest in Cirque du Soleil.

Cirque du Soleil is headquartered in Montreal, Quebec, Canada, with the aim to provide high-quality live entertainment. In 2018, Cirque du Soleil staged "Toruk" shows in Sanya, Beijing, Shanghai, etc. The press conference of Hangzhou resident show "THE LAND OF FANTASY" was held successfully in May 2019, and the show was premiered in August 2019.

In 2019, Cirque du Soleil acquired The Works Entertainment ("**The Works**"), a global live entertainment provider best known for its magic and illusion shows, which has played in 350 cities in 35 countries. Acquisition of The Works will further enrich Cirque du Soleil's portfolio, so as to expand its audience base.

As part of Fosun's Happiness Business, the Group, together with TPG VII CDS Holdings and Cirque du Soleil, will cooperate to drive the future development of Cirque du Soleil in Greater China.

Studio 8

Studio 8, LLC ("**Studio 8**") is an investment made by the Group in the entertainment industry. Its founder and CEO, Jeff Robinov, previously served as President of Warner Bros. Pictures Group. Studio 8 was jointly founded by Fosun and Sony Pictures Entertainment. As at the end of the Reporting Period, the Group held 80% equity interest in the Class A shares of Studio 8.

During the Reporting Period, Studio 8 is packaging the film projects in pipeline and seeking for partnerships of distribution and co-financing.

Wolverhampton Wanderers Football Club (Wolves)

Wolves was founded in England in 1877 and was one of the founding members of the English Football League. It has won the champion of top division of English Football three times in the past. The Group acquired Wolves in July 2016. Wolves won the 2017-18 English Football League Championship and was thus promoted into the Premier League. Wolves won the seventh-place in the 2018-19 Premier League and in the meantime became qualified for participation in the qualification stage of next UEFA Europa League. As at the end of the Reporting Period, the Group held 100% equity interest in Wolves.

As at the end of the Reporting Period, Wolves had performed excellently well in football competitions. The club won the seventh place in the Premier League as a newly promoted team, the highest ranking in last 39 years and the best performance achieved by newly promoted teams in the Premier League in last 18 years. In the FA Cup, another important competition in the UK, Wolves defeated Liverpool and Manchester United respectively and won a place in the semi-final for the first time in last 21 years. Meanwhile, Wolves had performed well in terms of commercial activities, China is going to become the most important market for Wolves in addition to the UK. Apart from football, Wolves had expanded its business into various sectors including sports academy, sports fashion, E-sports and sports commercial agency business, and integrate the intellectual properties of Wolves into other fields through different business models for cooperation, so as to obtain a larger fans group. During the Reporting Period, Wolves' revenue amounted to GBP94 million and the profit attributable to owners of the parent was GBP5 million, both representing increases from the same period of 2018.

WEALTH

WEALTH

The Group's Wealth Business includes three major segments: Insurance, Finance and Investment.

Insurance

During the Reporting Period, the revenue and profit attributable to owners of the parent of the Insurance segment were as follows:

Unit: RMB million

	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Change over the same period of last year
Revenue	**15,534.3**	11,314.5	37.3%
Profit attributable to owners of the parent	**1,015.9**	1,078.6	-5.8%

During the Reporting Period, revenue of the Insurance segment increased by 37.3% over the same period of last year, mainly attributable to the revenue from La Positiva, a leading player in the Peruvian insurance market after its 51% equity interest acquisition by Fidelidade at the beginning of 2019, as well as the own revenue increase from Fosun Insurance Portugal. Profit attributable to owners of the parent of the Insurance segment decreased by 5.8% as compared with the same period of last year, mainly because the investment income of Fosun Insurance Portugal did not meet the expectation due to the impact of the market fluctuations.

Note: Financial data of individual insurance portfolio companies presented in this section are based on local general accounting standards applicable to respective regulatory territories, and all quoted numbers are unaudited management information.

MANAGEMENT DISCUSSION & ANALYSIS

Fosun Insurance Portugal

In 2014, the Group acquired a controlling stake in Fosun Insurance Portugal, consisting of Fidelidade, Multicare and Fidelidade Assistência. As of 30 June 2019, the Group owns 84.9884% equity interest in Fidelidade and 80% equity interest in Multicare and Fidelidade Assistência, respectively. This platform is a leading player in the Portuguese insurance market and facilitates business development of the Group in Europe, Africa and Latin American countries.

Fosun Insurance Portugal is a global operator in the Portuguese insurance market, selling products in all key lines of business and benefiting from the largest and most diversified insurance sales network in Portugal, including exclusive and multi-brand agents, brokers, own branches, internet and telephone channels and a strong distribution system with the post office and Caixa Geral de Depósitos S.A., a leading Portuguese bank. It also has an international presence in seven countries, with products distributed on three continents (Europe, Asia and Africa).

Additionally, at the beginning of 2019, Fidelidade completed the acquisition of 51% equity interest in La Positiva, a leading player in the Peruvian insurance market and also with a presence, through its subsidiaries, in Bolivia and Paraguay. The acquisition is the first move into Latin America and an important step in the international expansion strategy of Fosun Insurance Portugal.

In June 2019, Fosun Insurance Portugal achieved a total market share in Portugal of 27.2%, being the market leader in both life and non-life business with market shares of 26.2% and 28.6%, respectively. As the Eurozone entered a period of low interest rates and was not expected to rebound in the short term, in order to allocate capital more effectively, Fosun Insurance Portugal adjusted its business structure, reduced the proportion of life insurance products and further expanded its business outside the Portuguese market.

During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR2,244.0 million, non-life business combined ratio of 96.9%, net earned premium of EUR1,293.9 million, net profit of EUR73.4 million, net assets of EUR3,303.9 million, investable assets of EUR17,387.2 million and total investment return of 1.3% (not annualized).

During the Reporting Period, Fosun Insurance Portugal's international business recorded overall premiums of EUR489.3 million, an increase of 248% when compared to the same period of last year, benefiting from both the favorable performance in all international operations and also from the acquisition of La Positiva by Fidelidade at the beginning of 2019. In terms of non-life business, the international business contributed to 24.8% of total non-life premiums.

Recently, Fosun Insurance Portugal won several distinguished awards, such as the Marca de Confiança 2018 (Most Trusted Brand in 2018) and Escolha do Consumidor 2018 (Consumer's Choice in 2018) in the categories of "Excellence", "Insurance Companies" and "Health Systems". In 2019, Fosun Insurance Portugal will continue innovating its product offerings, improving service quality and promoting its global strategy.

AmeriTrust

In July 2015, the Group privatized Meadowbrook Insurance Group, Inc. by acquiring its 100% equity interest with an aggregate transactional value of approximately USD439.0 million. As the Group's first wholly-owned property insurance company in North America, it established an important stand point in the North American property insurance market. In October 2017, the company officially changed its name from "Meadowbrook Insurance Group, Inc." to "AmeriTrust Group, Inc.".

AmeriTrust is a professional property and casualty insurer and an insurance administration services company focusing on niche markets. AmeriTrust markets and underwrites property and casualty insurance programs and products in the admitted and non-admitted markets through a broad and diverse network of independent retail agents, wholesalers, program administrators and general agencies that have specialized knowledge and focused expertise.

In May 2019, A.M. Best upgraded AmeriTrust's Financial Strength Rating (FSR) from "B++" to "A-", and also upgraded the Long-Term Issuer Credit Ratings (Long-Term ICR) from "bbb+" to "a-". The outlook of these Credit Ratings has been revised to "stable" from "positive".

During the Reporting Period, AmeriTrust recorded premium income of USD303.2 million, net profit of USD28.0 million, combined ratio of 102.5%, investable assets of USD1,653.3 million, total investment return of 2.9% (not annualized), solvency adequacy ratio of 476.0% (Risk-based capital ratio and local statutory solvency ratio as of 31 December 2018), and net assets as of 30 June 2019 of USD637.8 million.

Peak Reinsurance

The Group is a controlling shareholder of Peak Reinsurance, a privately-owned global reinsurer headquartered in Hong Kong. As at the end of the Reporting Period, the Group together with the U.S.-headquartered Prudential Financial, Inc., held 86.5%[4] and 13.1% respectively of Peak Reinsurance through Peak Reinsurance Holdings Limited.

Based at the heart of the Asia Pacific region in Hong Kong and authorized by the Insurance Authority of Hong Kong, Peak Reinsurance is one of the few locally established reinsurance companies in Asia Pacific, underwriting both life and non-life reinsurance business. It was established with the clear purpose to support diversified communities and emerging middle-class society through meeting their reinsurance needs. It strives to provide innovative and forward-looking reinsurance services for customers in the regions of Asia Pacific, Europe, Middle East, Africa and the Americas.

Since launched, Peak Reinsurance has a track record of year-on-year premium growth. During the Reporting Period, it generated premium income of USD815.8 million (first half of 2018: USD671.2 million) and net earned premium of USD570.0 million (first half of 2018: USD493.1 million), reflecting a stable growth despite a difficult period for the reinsurance industry. Peak Reinsurance continues to make consistent profit since the commencement of its operations. During the Reporting Period, net profit of Peak Reinsurance reached USD13.5 million.

As of 30 June 2019, Peak Reinsurance's total investment return was 2.3% (not annualized), with investable assets and net assets growing to USD1.85 billion and USD1.05 billion, respectively. Solvency remains very strong with solvency adequacy ratio of 392%. Peak Reinsurance continues to deliver stable and sustainable returns since its establishment.

4 As at the end of the Reporting Period, the equity interest held by the Group was decreased from 86.9% to 86.5% as a result of the issue and allotment of shares by Peak Reinsurance Holdings Limited pursuant to the terms of a share award plan adopted in December 2012.

Peak Reinsurance believes a swift claims process is vital in offering security to its clients in the face of natural catastrophes and other difficult situations. It takes pride in keeping an unmatched record in the industry by paying more than 91% of claims within five days.

In March 2019, Peak Reinsurance created the first simplified and multi-pay cancer coverage solution for Vietnam, where cancer is a priority health issue. Building upon its extensive local knowledge of individual markets in emerging Asia, Peak Reinsurance works in collaboration with its clients to identify the protection gaps in the region and develops customized solutions to meet the changing needs of local communities. Beyond Vietnam, Peak Reinsurance is also actively engaging in developing similar bespoke solutions for other emerging Asian markets, including China, India, Thailand, the Philippines and Cambodia.

With its outstanding performance, Peak Reinsurance was awarded "Asian Reinsurer of the Year" for the fourth consecutive year by Asian Banking and Finance in 2019 and ranks the 34th and 36th Global Reinsurance Group by Standard & Poor and A.M. Best in terms of gross written premium, respectively.

Asia's first sidecar transaction launched by Peak Reinsurance via Lion Rock Re Ltd., has been shortlisted by the *Insurance Insider* magazine as the Best Reinsurance Transaction of the Year 2019.

Peak Reinsurance is a successful reinsurance company that is rooted in Asia but has global presence, fully cooperating with global insurance companies. Peak Reinsurance pays more attention to risk control in the underwriting segment, actively allocates investment portfolio and steadily enhances the level of profitability. Meanwhile, taking advantage of its professional skills, Peak Reinsurance actively carried on vertical acquisition on top of its organic growth.

Pramerica Fosun Life Insurance

In September 2012, the Group worked with The Prudential Insurance Company of America to set up Pramerica Fosun Life Insurance, which marked the Group's first step into China's domestic life insurance market. As of 30 June 2019, the Group held 50% equity interest in Pramerica Fosun Life Insurance. Taking "Safeguard the future you want" as its mission, Pramerica Fosun Life Insurance returns to the basics of life insurance, establishes a stable strategic approach for long-term value management, and thus forms the four-pronged path of "focusing on the sales team, focusing on the regular-pay business, focusing on the technology, and focusing on the ecology".

MANAGEMENT DISCUSSION & ANALYSIS

During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB2,945.0 million with a growth of 448.7% compared with the same period of last year. Net asset was RMB1,705.4 million, a decrease of 9.1% compared with the end of 2018. Net loss was RMB170.2 million and solvency adequacy ratio was 239.9%. Investable assets was RMB9,263.3 million and the total investment return was 3.1% (not annualized).

In recent years, the premiums generated by Pramerica Fosun Life Insurance has been growing rapidly. As of 30 June 2019 Pramerica Fosun Life Insurance has set up Beijing branch, Shandong branch, Jiangsu branch, Henan branch, as well as 2 central sub-branches, 3 sub-branches and 13 sales offices. Pramerica Fosun Life Insurance has built multiple distribution channels spanning agency, bancassurance, and so on with a customer-oriented sales model, continues to improve its service and support system to make it simpler, safer and faster, so as to meet the customer needs anytime and anywhere by applying advanced technologies, and pools shareholders' resources in medical care, elderly care and other aspects to deliver a more differentiated and comprehensive service ecosystem that can empower customers to pursue health, happiness and wealth.

Yong'an P&C Insurance

Yong'an P&C Insurance is a national insurance company headquartered in Xi'an, with 28 branches throughout China. It operates all types of non-life insurance business.

During the Reporting Period, Yong'an P&C Insurance recorded premium income of RMB6,139.6 million, net profit of RMB81.3 million, investable assets of RMB11,345.7 million and net asset of RMB4,796.7 million as at the end of the Reporting Period. Yong'an P&C Insurance recorded a combined ratio of 103.1%, total investment return of 2.7% (not annualized) and solvency adequacy ratio of 237.6% as at the end of the Reporting Period.

Finance

During the Reporting Period, the revenue and profit attributable to owners of the parent of the Finance segment were as follows:

Unit: RMB million

	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Change over the same period of last year
Revenue	**1,065.5**	1,330.5	-19.9%
Profit attributable to owners of the parent	**804.6**	658.6	22.2%

During the Reporting Period, the decrease in revenue of the Finance segment was mainly attributable to H&A's revenue decline over the same period of last year as a result of its business restructuring. The increase in the profit attributable to owners of the parent of the Finance segment was mainly due to the improved performance of BCP and the favorable investment income from the secondary market.

Fosun Hani Securities

Fosun Hani Securities is a Hong Kong-based integrated financial service platform and investment entity wholly-owned by the Group. With building technology-powered finance as the core competitiveness, Fosun Hani Securities provides global institutional and retail customers with services such as securities brokerage and sales, investment banking, research, asset management, margin loans and wealth management.

In 2019, Fosun Hani Securities established the Fixed Income Department to carry out the primary offering, sales and secondary market transactions of Chinese companies' overseas bonds, and is committed to building a first-class overseas bond financing integrated service provider for Chinese companies. Meanwhile, Fosun Hani Securities continued to expand its boutique investment banking in the health sector and actively participated in the Hong Kong market equity and bond projects. In terms of technology-powered finance, Fosun Hani Securities continued to increase its investment and continuously updated the service capabilities of online account opening and trading for internet securities. In respect of asset management, Fosun Hani Securities focused on its overseas asset allocation and product services based on households, and promoted the overseas asset allocation and investment under real estate operation projects in the health sector.

As at the end of the Reporting Period, the paid-in capital of Fosun Hani Securities was HKD2,419 million, the total asset amounted to HKD2,634.8 million, net asset amounted to HKD2,443.9 million, operating revenue amounted to HKD76.31 million and net profit amounted to HKD3.44 million.

Hauck & Aufhäuser Privatbankiers AG (H&A)

Fosun acquired 99.91% equity interest in H&A in September 2016. H&A is a fully licensed private bank in Germany, offering financial services such as private banking, asset management and servicing as well as investment banking. H&A is a market leader in custodian banking services and capital market services for small- and mid-sized institutional clients in German speaking countries.

Founded in 1796, H&A is headquartered in Frankfurt with offices in Munich, Dusseldorf, Hamburg and Cologne, branches in Luxembourg and London, a subsidiary in Zurich and a representative office in Paris. With Fosun's support, H&A acquired a Luxembourg-based company Oppenheim in December 2017, reaching an important strategic milestone in its growth strategy. The acquisition also gave H&A the opportunity to expand its products and services in the European Union. Furthermore, H&A's investment banking division reached the No. 1 position for IPOs and capital increases in the small- and mid-cap segment[5] in Germany. Additionally, H&A has also gained the recognition of the public. The growth of new capital of H&A was above the market average, which showed synergies with the Group gradually. It was also named among the top three most dynamic asset managers in the category of EUR10 million to EUR100 million assets under management by renowned magazine *Fonds Professionell*.

In June 2019, H&A entered into an agreement to acquire a majority stake in Crossroads Capital Management Limited ("**CCM**") through its subsidiary in Luxembourg[6]. CCM is a well-established Alternative Investment Fund Manager (AIFM) and an Undertakings for Collective Investment in Transferable Securities (UCITS) Management Company based in Dublin, Ireland. The transaction will add a further international component to the product portfolio of the asset service segment.

In addition, H&A's asset management subsidiary H&A Global Investment Management GmbH continues to grow and is now additionally specializing in private debt and high yield investments projects.

As at the end of the Reporting Period of 2019, H&A's assets under control reached EUR132 billion, representing an increase of 10% compared with the same period of last year, and the total assets grew to EUR5,666 million. H&A also recorded a gross income of EUR93.4 million by the end of the Reporting Period, representing a decrease of 11.1% compared with the same period in 2018. Profit before tax at the end of the Reporting Period stood at EUR15.2 million, representing an increase of EUR1.0 million compared with the same period of last year.

BCP

In November 2016, the Group invested in BCP, the largest Portuguese listed bank. As at the end of the Reporting Period, the Group's shareholding in BCP reached 27.25%.

Established in 1985, BCP offers banking products and financial services in Portugal and abroad, including retail banking, corporate and investment banking, private banking businesses, and owns a leading internet bank called "ActivoBank". BCP also holds a prominent position in Poland, Switzerland, Mozambique and Angola, and has entered in the Chinese mainland market through its Guangzhou representative office and operated in Macau Special Administration Region through a fully-licensed branch since 2010.

The profit attributable to owners of shareholders of BCP during the Reporting Period was EUR169.8 million, increasing by 12.7% compared with EUR150.6 million of the same period in 2018. The core income (net interest income plus commissions) has increased by 5.3% to EUR1,082.3 million. The business volume has also grown remarkably since the end of June 2018, with performing loans increasing by 13.6% and total customer deposits increasing by 9.3%. The number of active customers reached 4.9 million with an increase of 217,000 since the end of June 2018, among which the number of active customers in Portugal has increased by 121,000 to 2.3 million. Along with the trend, there has also been an increase of 196,000 digital customers and 370,000 mobile customers, confirming BCP's consistent efforts towards digital transformation. In May 2019, the general shareholders' meeting of BCP approved the resolution to distribute 10% dividend pay-out for 2018, which further demonstrated the stable development of the bank's operation. In consideration of BCP's improving performance, during the Reporting Period, Moody's upgraded BCP's senior debt rating to Ba2, and Dominion Bond Rating Service upgraded BCP's senior debt rating to investment grade.

5 Market Capitalization ≤ EUR750 million.

6 This transaction is subject to the regulatory approval.

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During the Reporting Period, for the second year running, DATA E considered BCP as "the Main Bank for Companies", the bank with "the Most Suitable Products", as well as "the Most Innovative Bank". BCP was also once again distinguished by customers as "the 2019 Consumer's Choice" in the category of large banks in Portugal.

Mybank

In May 2015, the Group, as one of the founders, injected registered capital of RMB1,000 million to acquire 25% equity interest in Mybank.

Commencing operations in June 2015, Mybank is a joint-stock commercial bank which provides financial services to small and micro enterprises, individual entrepreneurs and individual consumers on the internet and through a cloud-based financial platform. Mybank's mission is to provide inclusive finance and it is committed to using internet technology, data and internet innovations to help small and micro enterprises, individual entrepreneurs, and customers concerning agriculture, rural areas and farmers to solve issues linked to financing difficulties and a lack of rural financial services so as to promote the development of the real economy.

As at the end of 2018, Mybank has accumulatively served 12.27 million small and micro enterprises and business customers, with an average household balance of RMB26,000. Mybank actively carries out business innovation and operation promotion, expands online and offline omni-channels, and extends its business from online e-commerce to offline stores using Mybank's online bank accounts and the settlement system as connections. At the same time, through the exploration of supply chain finance such as inventory financing, prepaid financing, self-insurance business, etc., a supplier-side and offline store financing service system for the core enterprises of the brand is formed, the online data financing capability is further extended to offline, and the service space for small and micro customers is expanded. Mybank also provides financial services based on tax data for corporate legal entities and individual industrial and commercial households that have been taxed in good faith through the interaction with the provincial and municipal tax bureaus.

In order to better understand and serve small and micro enterprises, in June 2018, on the occasion of the 3rd anniversary of the establishment of the company, Mybank released the "Fan Star Plan" to open all capabilities and technologies to the industry, and shared the "310" loan mode with the financial institutions, solving the problem of offline micro loan on a larger scale, aiming to serve 30 million small and micro business customers with 1,000 institutions in the next three years.

As of 31 December 2018, Mybank's operating income was RMB6.284 billion, representing a year-on-year increase of 46.94%; net profit was RMB670.5 million, representing a year-on-year increase of 65.92%. As at the end of 2018, Mybank had total assets of RMB95.864 billion, total liabilities of RMB90.499 billion, owner's equity of RMB5.365 billion, capital adequacy ratio of 12.1% and non-performing loan ratio of 1.3%.

Guide

In November 2018, the Group completed the acquisition of 69.14% equity interest in Guide Investimentos S.A. Corretora de Valores ("**Guide**"), a fast-growing Brazilian brokerage and wealth management firm based in Sao Paulo. Guide was originally a wholly-owned subsidiary of a Brazilian bank, Banco Indusval S.A., which still maintained 20% minority equity interest in Guide after the acquisition. As at the end of the Reporting Period, Guide has more than BRL20 billion (approximately RMB36.3 billion) of assets under custody, serving over 82,000 customers. Guide experienced growth in total revenue of more than 35% compared with the same period in 2018.

This deal followed the Group's strategy of investing and developing operations in emerging markets, especially in Latin America. It is the second investment of the Group targeting financial assets in Brazil after the acquisition of the local asset management company Rio Bravo in 2016 and also the second milestone in the creation of a Brazilian financial group platform. Rio Bravo will act as a product manufacturer and Guide as the distribution platform for the Group in the C2M structure. By combining Guide's technology and innovation capabilities with the Group's global resources, this C2M structure aims to offer the most high-quality services for Brazilian families.

Investment

During the Reporting Period, the revenue and profit attributable to owners of the parent of the Investment segment were as follows:

Unit: RMB million

	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Change over the same period of last year
Revenue	**4,877.1**	3,677.9	32.6%
Profit attributable to owners of the parent	**3,100.9**	3,310.5	-6.3%

During the Reporting Period, the increase in revenue of the Investment segment over the same period of last year was mainly due to the revenue growth of Hainan Mining. The decrease in profit attributable to owners of the parent over the same period of last year was mainly attributable to the decrease in gain on fair value adjustment as compared with the same period of last year.

Primary Market Investments

Cainiao

In May 2013, the Group invested RMB500 million into Cainiao as one of the founding shareholders. Cainiao is the official logistics partner of Alibaba.

Cainiao is committed to building an international logistics network and utilizing the capacity and capability of logistics partners to provide one-stop logistics services and supply chain management solutions domestically and internationally, as well as fulfilling various logistics needs of merchants and consumers on an extensive scale. Cainiao consistently optimizes its services for merchants, empowers logistics partners to improve their operating efficiency, which in turn enables Cainiao to provide consumers with the best logistics experience.

Meanwhile, Cainiao focuses on delivering comprehensive last-mile solutions to consumers. In urban areas, Cainiao has developed neighbourhood delivery solutions with a combination of community and campus stations and residential self-pickup lockers, which are known as Cainiao Post. These solutions have become an important complement to the last-mile delivery network of Cainiao's express delivery partners. In March 2019, these Cainiao Post stations handled over 10% of total daily packages generated by China retail marketplaces of Alibaba.

Cainiao will further strengthen its global logistics network with the aim to realize the mission of fulfilling orders of delivery within 24 hours in China and within 72 hours anywhere in the world, and enable greater efficiencies and lower costs in China's logistics industry.

Asset Management

The asset management business of the Group mainly targets domestic and international high-end large institutional clients and high net worth individuals, and actively seeks institutional investors, large enterprises and family capital to become limited partners for long-term cooperation. During the Reporting Period, the management fee derived from the asset management business of the Group amounted to RMB425.6 million. As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB180,077.6 million and net assets attributable to the Group of RMB8,581.8 million. The asset management of the Group includes equity funds, real estate funds and asset management platforms.

Equity Funds

As at the end of the Reporting Period, the scale of the equity funds managed by the Group amounted to RMB31,366.7 million.

Fosun Capital

Fosun Capital is an equity investment and management company, established in April 2007 and wholly owned by the Group. For over a decade, based on the global vision and industrial background of the Group, Fosun Capital has provided high-quality equity investment and management services for investors such as well-known family funds, insurance companies, listed companies, large investment institutions and high net worth individuals across the world. Assets being launched and managed include fund of funds, private equity funds, venture capital funds, industrial funds of listed companies and other equity investment funds covering industries such as advanced manufacturing, energy and environmental protection, modern services, fashion consumption, healthcare and information technology.

As at the end of the Reporting Period, Fosun Capital's assets under management were RMB14,232.8 million.

Real Estate Funds and Asset Management Platforms

As at the end of the Reporting Period, the scale of the real estate funds and asset management platforms under management of the Group amounted to RMB147,901.8 million, including the Japanese real estate capital management company IDERA, the French listed real estate fund management company Paris Realty Fund SA, the European real estate asset management company Resolution Property Investment Management LLP, the Russian asset management

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company Fosun Eurasia Capital Limited Liability Company, and the Brazilian fund asset management company Rio Bravo. The highlights of IDERA, a subsidiary of the Group, are stated below.

IDERA

In May 2014, the Group had completed the acquisition of IDERA, a Japanese real estate capital management company, at a consideration of JPY6,811.0 million. As at the end of the Reporting Period, the Group held 98% equity interest in IDERA. IDERA is a leading Japanese independent real estate capital management and fund platform. As at the end of the Reporting Period, it managed over JPY362,230.0 million (approximately RMB23,130.9 million) assets. During the Reporting Period, IDERA recorded unaudited revenue of JPY931.0 million (approximately RMB59.4 million) according to the Japanese Accounting Standards.

Others

Nanjing Nangang

As at the end of the Reporting Period, the Group held a total of 60% equity interest in Nanjing Nangang. Nanjing Nangang through its investments in Nanjing Iron & Steel, carries out operations in iron and steel industry, and invests in industries such as energy and environmental protection and new materials. In the first half of 2019, Nanjing Nangang achieved a revenue of RMB24,595.33 million, representing an increase of 12.1% over the same period of last year, and the total profit was RMB2,687.17 million, representing a decrease of 12.8% over the same period of last year.

Located in Eastern China, Nanjing Iron & Steel is an integrated steel company that covers the complete production process including mining, coking, sintering, iron smelting, steel smelting and steel rolling. Nanjing Iron & Steel has the comprehensive capacity to produce 10 million tons of steel, 9 million tons of iron and 9.4 million tons of steel materials annually. It is the single largest Chinese manufacturer of medium-size plates. During the Reporting Period, the production and sales of Nanjing Iron & Steel were booming. The comprehensive product price increased by RMB90 per ton compared to the same period of 2018. The competitiveness of high-quality medium-size plate, the leading product increased steadily, with 5.42% year-on-year growth of average price and 20.07% gross profit margin. Through comprehensive benchmarking and innovation, the operational mechanism of "efficiency in production and cost-saving in manufacturing" was consistently optimized. The gross profit margin of products and business performance of the company maintained stable at a satisfactory level.

Nanjing Iron & Steel has vigorously carried out technological innovation. The company cooperates with University of Leicester, Nippon Yakin Kogyo Co., Ltd., University of Science and Technology Beijing, Northeastern University and other domestic and foreign innovative resources to create a "2+3+4" domestic and international research and development platform. It also cooperated with the "research institute, business unit, production plant" three-level research and development system, to carry out research on new products, new materials, new processes and new technologies.

Nanjing Iron & Steel carried out 35 key industrial common technology research projects in directional solidification, corrosion, welding and processing; "cooperative development and application of key technologies for high-quality non-tempered steel industry chain" and "development and application of automatic impact testing machine system based on visual positioning" won the second prize of Metallurgical Science and Technology Award jointly awarded by China Iron and Steel Association and The Chinese Society for Metals. "Key Technology Development and Industrialization of Low Temperature Structural Steel for Marine Energy Engineering" was awarded the Second Prize of Science and Technology by Jiangsu Province, Science and Technology Department. "Advanced Rail Transportation Equipment Materials – High-speed Rail Brake Disc Steel Project" was selected by the National Development and Reform Commission of the People's Republic of China as the 2019 projects of strengthening the core competitiveness of manufacturing. During the Reporting Period, Nanjing Iron & Steel added 51 new patents, including 19 invention patents; as at the end of the Reporting Period, it had 771 patents, including 346 invention patents.

Nanjing Iron & Steel has actively innovated and enhanced customer service experience, launched "C2M cloud merchant platform", steel butler and mobile phone push-to-talk, coordinated with 24-hour customer service center and logistics distribution center to provide customers with "one-stop", whole-process and all-aspects services equipped with

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visualization, traceability and convenience; upgraded "JIT+C2M" (combining "just-in-time manufacturing" and "customer-to-maker" business model) customization mode, interacted information and data and connected process with customers through ERP 2 ERP (Enterprise Resource Planning). During the Reporting Period, Nanjing Iron & Steel's "JIT+C2M" distribution of steel products reached 525,300 tons, representing an increase of 13.41% over the same period of last year. The varieties cover shipboard, offshore engineering, engineering machinery, structural steel, wind power, bridges and other fields.

Hainan Mining

The Group invested in Hainan Mining in 2007. As at the end of the Reporting Period, the Group held 51.57% equity interest in Hainan Mining. The Group engages in iron ore production and operation through Hainan Mining, a subsidiary of the Group which owns a large high-grade iron ore mine in China. Its core business includes mining and sales of iron ore, as well as exploration and development of upstream oil and gas. By investing in existing mining projects and other commodity companies, Hainan Mining aims to accelerate the expansion of its scale and enhance its position in the industry. During the Reporting Period, Hainan Mining's operating revenue was RMB2,254.87 million, up by 66.65% compared to the adjusted operating revenue over the same period of last year, and the net profit attributable to shareholders of the listed company was RMB44.97 million. The increase in net profit for the period compared with the same period of last year was mainly attributable to the factors such as the increase in iron ore price and the consolidation of Roc Oil Company Limited ("**ROC**") into the financial statement.

In order to expand the business scope and reform the business structure, Hainan Mining completed the acquisition of 51% equity interest in ROC in June 2019 with the consideration of USD229.5 million.

ROC is the strategic platform in the oil and gas sector of the Group. Leveraging ROC's leading capabilities in operation and management and business development, together with its existing business bases in the PRC, Southeast Asia and Australia, the Group is posed to capture new investment opportunities in the global oil and gas industry.

Hangzhou-Taizhou Highspeed Railway

In September 2017, Fosun led the construction of China's Hangzhou-Taizhou Highspeed Railway. As a private consortium, Fosun led the signing with the Zhejiang government on the Hangzhou-Taizhou project, with private capital accounting for 51% of the shares. The project started construction in December 2017 and is estimated to open to traffic by the end of 2021.

The railway is from Hangzhoudong to Wenling. Its total length is 269 km and the length of the new main line is 224 km. The target speed of the railway is 350km/h. The estimated total investment is RMB44.89 billion.

As the main railway system in the Greater Bay Area, the Hangzhou-Taizhou Line serves to fill the gap between the diagonal area of Hangzhou metropolitan circle and the cities of Wenzhou and Taizhou, creating a 1-hour-high-speed-railway circle between Hangzhou, the provincial capital of Zhejiang, and Taizhou, and integrates the cities of Wenzhou and Taizhou into the Yangtze River economic zone. It is significant in fostering regional economic coordinated development and the development of the tourism industry along the line, and setting an example for the reformation of an investment and financing regime to fund national railway infrastructure construction.

28 Liberty

Founded in 1961 by the Rockefeller family, 28 Liberty is an A-class office building located in the financial district of Lower Manhattan, New York. It was originally the global headquarters of JP Morgan Chase Bank and was awarded the "New York City Landmark Building" in 2009. The building consists of 60 floors above ground, a ground plaza and 5 floors below ground, with rentable area totaling to 2.2 million square feet. In December

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2013, the Group acquired 100% equity interest in 28 Liberty with freehold for investment purposes, at a consideration of USD725 million.

After acquisition, the Group has repositioned 28 Liberty to focus on product enhancements and maximized its value through expanding from a single office building to a multi-format integrated asset, including office, commercial, catering, entertainment and public events.

Since the move-out of JP Morgan Chase Bank in 2015, 1.32 million square feet of the building has been re-leased and the occupancy rate has increased from 44% to 78% as at the end of June 2019. In terms of office, high-quality tenants moved in, covering various industries including finance, media, law and technology. In terms of underground business, after renovation, the high-end cinema Alamo Drafthouse and dining center Legends Hospitality were brought in. The ground plaza hosts a series of public events every year, such as food festivals, film festivals, and World Cup viewings, making it a new landmark for popular gathering.

With the height and view of the top of the 60th floor, the Group created a high-end restaurant and event space Manhatta with Danny Meyer, founder of Shake Shack and owner of several high-end restaurants in New York. Since its opening in July 2018, Manhatta has rapidly become one of the most popular restaurants in Manhattan, greatly enhancing the overall image and value of the building.

The Bund Finance Center

The Bund Finance Center is a high-end complex project located in the core district of the Bund in Shanghai at 600 Zhongshan No.2 Road (E), Shanghai 200010, China. The Bund Finance Center is a comprehensive and experiential financial complex in the Bund financial zone and this project comprises four different types of properties, including Grade A offices, a shopping center, the Fosun Foundation Art Center and a boutique hotel. Therefore all the functions ranging from finance to commerce, tourism, culture and arts are included.

During the Reporting Period, the particulars of the project are as follows:

Name of project	Floor	Area (sq.m.)
GFA		425,591
Grade A offices	S1	107,079
	S2	103,138
	N1	21,425
	N2	25,462
	N4	10,410
Shopping center		117,520
Boutique hotel		36,346
Fosun Foundation Art Center		4,211

Name of project	Usage	Land area (sq.m.)	GFA (sq.m.)	Ownership ratio	Land cost (RMB million)	Development progress	Construction and installation costs (RMB million)
The Bund Finance Center	Office, commercial, hotel	45,472	425,591	50%	9,865.8	Completed	4,540

Forte

After the completion of the asset reorganization with Yuyuan, Shanghai Forte Land Co., Ltd. ("**Forte**") continued to focus on the city's deep-rooted policy and to consolidate its foothold in key cities to expand its market reach in 2019. At the same time, according to respective strategic policies of different cities and following market demands, Forte localized its strategies to further strengthen the supply of new products, and accelerated its destocking drive to cash in on new sales with a sound sales performance and cash flow since the beginning of 2019.

In terms of investment and operation, Forte continued its "Hive Cities" strategy, and combined it with the Group's first-tier industrial resources, to highly connect family life with industries like finance, culture, business, health, elderly care and trade in the city. At the same time, Forte focused on global market development, continued to capture opportunities and expanded into new regions and markets.

For financial management, Forte actively tapped into capital markets, continuously optimized the debt structure and improved credit rating to provide adequate multiple sources of funding for business development and help further development of the business.

During the Reporting Period, Forte realized operating revenue of RMB20,828.1 million, representing an increase of 294% over the same period of last year, and the profit attributable to owners of the parent stood at RMB2,343.4 million, representing an increase of 377% over the same period of last year.[7]

Cloudjet

Established in 2015, Shanghai Cloudjet Information Technology Co., Ltd. ("**Cloudjet**") is a technology platform wholly owned by the Group and an incubation platform of internet innovation projects. It focuses on industrial linkages and technological capabilities. It conducts in-depth research and promotes cutting-edge applications and realization of innovative technology, creating a smart platform for the "1 + N" industrial lines.

7 In July 2018, Yuyuan completed the asset reorganization and became a subsidiary of Forte. Financial data presented are based on HKFRSs.

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Shanghai Ziku Information Technology Co., Ltd. ("**Ziku**") was incubated by Cloudjet. Since its establishment, it has become a well-known "integrated service provider focusing on offering omni-channel operation for branded restaurants". The company used artificial intelligence ("**AI**") new technology to market the mid-office and omni-channel industrial operation capabilities, aiming at the head and waist brand market. It provided intelligent outsourcing, membership management, data and traffic operations, and other comprehensive B-side operation services. It also helped the brand to build traffic, incubate new brands, increase cross-industry cooperation, improve industry efficiency, and discover new growth points to achieve a win-win situation for smart food and beverage. As at the end of the Reporting Period, it has served 135 brand enterprises covering nearly 20,000 stores with total order value of more than RMB6 billion.

Shanghai Fonova Information Technology Co., Ltd. (上海星濟信息科技有限公司, "**Fonova**") is a data + AI-driven big data solution provider for smart operations of business, travel and culture. It dedicates to providing solutions for the new retails of the commercial complex and the digital transformation of culture and travel enterprises. It builds a corporate asset system by creating a data center and realizes the business digitalization by connecting data islands. Fonova provides a variety of products, including commercial data analysis platforms, multi-dimensional data reporting, operational alerts, AI forecasts, president panels, mobile cockpits, etc. As at the end of the Reporting Period, Fonova has served more than 20 internal and external head enterprises, with a contracted income of approximately RMB12 million, and has also signed 10 strategic partners including Baidu.

As the core enterprise of Fosun's health intelligence industry, Fuzhou Starcleric Health Management Co., Ltd. ("**Starcleric**") focuses on the design and implementation of business operations of family doctor health management and smart medical solutions for future clinic. As a participant of establishing primary medical service system and operator of empowering primary medical industry service, Starcleric takes platforms of primary intelligent medical services as the core to improve primary intelligent series of equipment. Integrating artificial intelligence and big data applications, Starcleric is committed to building a primary smart medical ecosystem with the support of training and management system of appropriate primary medical technology. As at the end of the Reporting Period, the business has been carried out simultaneously in four cities with over 10,000 users.

FINANCIAL REVIEW

Net Interest Expenditures

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB4,544.3 million for the six months ended 30 June 2019 from RMB3,143.6 million for the six months ended 30 June 2018. The increase in net interest expenditures was mainly attributable to the growth in scale of total borrowings. For the six months ended 30 June 2019, the interest rates of borrowings were approximately between 0.45% and 9.8% as compared with approximately between 0.45% and 9.3% over the same period of last year.

Tax

Tax of the Group was RMB2,269.9 million for the six months ended 30 June 2019, which was increased by RMB409.5 million compared with that for the six months ended 30 June 2018 of RMB1,860.4 million. The increase in tax was mainly due to the increase in taxable profit from the Group.

Capital Expenditures And Capital Commitment

The capital expenditures of the Group mainly consist of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets. We have been increasing our investment in the research and development of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. With an aim to further strengthen our leading role in the happiness business, we have made extra efforts in the Happiness Business segment.

As at 30 June 2019, the Group's capital commitment contracted but not provided for was RMB19,916.8 million. It was mainly committed for purchase of plant and machinery and investments. Details of capital commitment are set out in note 14 to interim condensed consolidated financial statements.

Indebtedness And Liquidity Of The Group

As of 30 June 2019, the total debt of the Group was RMB193,190.0 million, representing an increase over RMB186,140.4 million as of 31 December 2018, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As of 30 June 2019, mid-to-long-term debt of the Group accounted for 65.4% of total debt, as opposed to 63.6% as of 31 December 2018. As of 30 June 2019, cash and bank balance and term deposits decreased by RMB2,568.8 million to RMB103,747.7 million as compared with RMB106,316.5 million as of 31 December 2018.

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Unit: RMB million

	30 June 2019	31 December 2018
Total debt	193,190.0	186,140.4
Cash and bank and term deposits	103,747.7	106,316.5

The original denomination of the Group's debt as well as cash and bank and term deposits by currencies, equivalent in RMB, as at 30 June 2019, is summarized as follows:

Total Debt

RMB	107,534.4
USD	60,374.2
EUR	17,351.4
JPY	4,029.5
HKD	3,271.5
Others	629.0

Unit: RMB million equivalent

Cash and bank and term deposits

RMB	41,553.8
USD	13,864.6
EUR	41,216.5
JPY	1,040.3
HKD	1,476.3
Others	4,596.2

Total Debt To Total Capitalization Ratio

As of 30 June 2019, the ratio of total debt to total capitalization was decreased to 53.2% as compared with 53.7% as of 31 December 2018. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against risk exposure, and provide support to the Group in capturing investment opportunities.

Basis Of Calculating Interest Rate

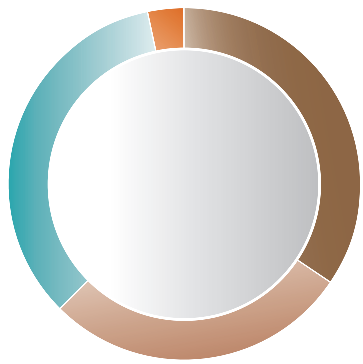
To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 30 June 2019, 56.0% of the Group's total borrowings bore interest at a fixed interest rate.

The Maturity Profile Of Outstanding Borrowings

The Group sought to manage and extend the maturity of outstanding borrowings, so as to ensure that the outstanding borrowings of the Group due to mature every year would not exceed the expected cash flow of that year and the Group has the re-financing ability for the relevant liabilities in that year.

Outstanding borrowings classified by year of maturity as at 30 June 2019 are as follows:

- 34.6% Within one year
- 27.9% In the second year
- 34.4% In the third to fifth years, inclusive
- 3.1% Over five years



Available Facilities

As at 30 June 2019, save for cash and bank and term deposits of RMB103,747.7 million, the Group had unutilized banking facilities of RMB174,426.6 million. The Group has entered into cooperation agreements with various major banks in China. According to these agreements, the banks granted the Group general banking facilities to support its capital needs. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 30 June 2019, available banking facilities under these arrangements totalled approximately RMB298,346.4 million, of which RMB123,919.8 million was utilized.

Pledged Assets

As at 30 June 2019, the Group had pledged assets of RMB80,889.1 million (31 December 2018: RMB79,743.6 million) for bank borrowings. Details of pledged assets are set out in note 10 to interim condensed consolidated financial statements.

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Contingent Liabilities

The Group's contingent liabilities was RMB7,794.0 million as at 30 June 2019 (31 December 2018: RMB5,742.3 million). Details of contingent liabilities are set out in note 15 to interim condensed consolidated financial statements.

Interest Coverage

For the six months ended 30 June 2019, EBITDA divided by net interest expenditures was 4.6 times as compared with 4.8 times for the same period in 2018. The decrease was mainly because the increase in EBITDA has lower proportion than that in net interest expenditures of the Group during the Reporting Period. Meanwhile, EBITDA of the Group increased to RMB20,858.2 million for the six months ended 30 June 2019 from RMB14,932.1 million for the six months ended 30 June 2018.

Financial Policies And Risk Management

General policy

The Company maintains the financial independence of different business segments. Nevertheless, the Company also gives appropriate guidance on the fund management of different segments so as to ensure that risks of the Group are well monitored and financial resources are being effectively applied. To maintain multiple financing channels, the Group tries to obtain funds from different channels through banks and capital markets. Finance arrangements are organized to meet the needs of business development and match the Group's cash flow.

Foreign currency exposure

The functional currencies of the Company and PRC subsidiaries are HKD and RMB, respectively. The financial statements are presented in RMB. Each entity in the Group determines its own functional currency. Foreign currency-denominated assets held by the Group are exposed to foreign exchange risks. These assets include monetary assets such as deposits and bonds held in foreign currencies and non-monetary assets measured at fair value such as investment properties, stocks and funds held in foreign currencies. The Group's foreign currency-denominated liabilities are also exposed to risks as a result of fluctuations in exchange rates. These liabilities include monetary liabilities such as borrowings, customers' deposits and claim reserves denominated in foreign currencies. Financial settlement and currency conversion as at the reporting date of these foreign currency-denominated assets and liabilities may generate a certain amount of foreign exchange losses or gains, thereby affecting the Group's profits or net assets. The Group will adopt appropriate hedging methods as necessary to hedge the foreign currency risk exposure.

Interest rate exposure

The Group uses bank loans and other borrowings to meet its capital expenditure and working capital requirements from time to time and is subjected to the risk of interest rate fluctuation. Since a certain amount of the Group's borrowings is provided at floating interest rates which are subjected to change by the lenders as required by amendments of regulations of the People's Bank of China and the market conditions in and outside Mainland China, the interest expenses of the Group will increase if the People's Bank of China or foreign banks increase their interest rates.

Application of derivatives

The Group will apply derivative instruments as necessary to hedge the risk exposure instead of speculation.

Forward-Looking Statements

This interim report includes certain forward-looking statements which involve the financial conditions, results and businesses of the Group. These forward-looking statements are the Group's expectation or beliefs on future events and they involve known and unknown risks and uncertainties, which may cause actual results, performance or development of the situation to differ materially from the situation expressed or implied by these statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
REVENUE	3	**68,475,442**	43,511,760
Cost of sales		**(43,749,865)**	(27,892,441)
Gross profit		**24,725,577**	15,619,319
Other income and gains	3	**13,018,314**	10,964,495
Selling and distribution expenses		**(10,429,198)**	(8,007,922)
Administrative expenses		**(10,370,687)**	(7,221,724)
Other expenses		**(1,954,301)**	(3,036,248)
Finance costs	4	**(4,934,179)**	(3,289,480)
Amount reported in profit or loss applying the overlay approach		**(493,419)**	1,873,225
Share of profits and losses of:			
Joint ventures		**309,532**	873,160
Associates		**3,616,114**	2,499,611
PROFIT BEFORE TAX	5	**13,487,753**	10,274,436
Tax	6	**(2,269,932)**	(1,860,433)
PROFIT FOR THE PERIOD		**11,217,821**	8,414,003
Attributable to:			
Owners of the parent		**7,608,763**	6,858,320
Non-controlling interests		**3,609,058**	1,555,683
		11,217,821	8,414,003
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the Period (RMB)	7	**0.89**	0.80
Diluted			
– For profit for the Period (RMB)	7	**0.89**	0.79

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**11,217,821**	8,414,003
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Financial assets designated under the overlay approach		
Amount reported in other comprehensive income/(loss) applying the overlay approach	**493,419**	(1,873,225)
Income tax effect	**(157,940)**	550,894
	335,479	(1,322,331)
Debt investments at fair value through other comprehensive income:		
Change in fair value	**1,987,134**	(2,559,626)
Changes in allowance for expected credit losses	**22,844**	200,560
Reclassification adjustments for gains on disposal included in the consolidated statements of profit or loss	**(311,800)**	–
Income tax effect	**(321,140)**	499,905
	1,377,038	(1,859,161)
Change in other life insurance contract liabilities due to potential (gains)/losses on financial assets	**(144,773)**	386,152
Income tax effect	**(11,808)**	(121,638)
	(156,581)	264,514
Fair value adjustments of hedging instruments in cash flow hedges	**(61,883)**	23,386
Income tax effect	**2,264**	(8,923)
	(59,619)	14,463
Fair value adjustments of hedging of a net investment in a foreign operation	**(54,046)**	(609,454)
Income tax effect	**12,342**	–
	(41,704)	(609,454)
Share of other comprehensive loss of joint ventures	**(470)**	(18,906)
Share of other comprehensive loss of associates	**16,630**	(54,171)
Exchange differences on translation of foreign operations	**253,115**	(790,783)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**1,723,888**	(4,375,829)

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME (continued)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Revaluation (losses)/gains upon transfer from owner-occupied property to investment property	**(5,322)**	4,179
Income tax effect	**1,353**	–
	(3,969)	4,179
Actuarial reserve relating to employee benefit	**(24,116)**	6,798
Income tax effect	**2,786**	20
	(21,330)	6,818
Equity investments designated at fair value through other comprehensive income		
Change in fair value	**(520,129)**	(1,215,331)
Income tax effect	**1,340**	169,738
	(518,789)	(1,045,593)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(544,088)**	(1,034,596)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**1,179,800**	(5,410,425)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**12,397,621**	3,003,578
Attributable to:		
Owners of the parent	**8,679,474**	2,084,007
Non-controlling interests	**3,718,147**	919,571
	12,397,621	3,003,578

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**36,677,779**	36,310,360
Investment properties		**53,452,877**	46,567,826
Right-of-use assets		**14,906,239**	–
Prepaid land lease payments		**–**	3,427,895
Exploration and evaluation assets		**398,845**	403,267
Mining rights		**541,172**	548,186
Oil and gas assets		**1,621,057**	1,498,223
Intangible assets		**20,251,777**	19,084,808
Goodwill		**19,817,869**	19,092,279
Investments in joint ventures		**24,498,966**	24,891,895
Investments in associates		**88,631,759**	84,084,130
Financial assets at fair value through profit or loss		**32,651,708**	15,171,503
Equity investments designated at fair value through other comprehensive income		**1,301,781**	1,579,915
Debt investments at fair value through other comprehensive income		**51,470,526**	63,516,255
Debt investments at amortised cost		**29,471,120**	15,765,478
Properties under development		**14,939,161**	11,660,816
Due from related companies		**1,321**	809,991
Prepayments, other receivables and other assets		**5,529,648**	4,221,889
Deferred tax assets		**5,297,232**	6,311,021
Inventories		**86,070**	86,070
Policyholder account assets in respect of unit-linked contracts		**142,327**	139,328
Insurance and reinsurance debtors		**137,709**	123,697
Reinsurers' share of insurance contract provisions		**5,069,803**	4,794,300
Term deposits		**1,059,993**	410,812
Placements with and loans to banks and other financial institutions		**–**	78,473
Loans and advances to customers		**499,439**	653,693
Derivative financial instruments		**343,189**	290,585
Finance lease receivables		**639,317**	515,373
Total non-current assets		**409,438,684**	362,038,068

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
CURRENT ASSETS			
Cash and bank		**102,687,682**	105,905,697
Financial assets at fair value through profit or loss		**19,243,387**	33,844,295
Equity investments designated at fair value through other comprehensive income		**–**	65,203
Debt investments at fair value through other comprehensive income		**19,502,069**	20,632,910
Debt investments at amortised cost		**7,676,687**	4,357,878
Derivative financial instruments		**546,056**	861,043
Trade and notes receivables	9	**8,854,292**	7,755,027
Contract assets and other assets		**73,628**	99,030
Prepayments, other receivables and other assets		**21,476,251**	16,842,348
Inventories		**7,389,462**	6,650,594
Completed properties for sale		**11,587,205**	14,313,790
Properties under development		**31,032,983**	27,860,035
Due from related companies		**15,857,985**	14,557,412
Policyholder account assets in respect of unit-linked contracts		**172,362**	176,822
Insurance and reinsurance debtors		**15,422,279**	13,041,130
Reinsurers' share of insurance contract provisions		**4,559,010**	3,298,322
Placements with and loans to banks and other financial institutions		**117,351**	39,327
Loans and advances to customers		**4,232,724**	4,629,621
Finance lease receivables		**1,581,591**	1,880,575
		272,013,004	276,811,059
Assets of a disposal group classified as held for sale		**58,418**	34,711
Total current assets		**272,071,422**	276,845,770

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	10	**66,856,197**	67,740,818
Contract liabilities		**23,157,599**	22,112,767
Trade and notes payables	11	**15,138,376**	14,105,942
Accrued liabilities and other payables		**29,995,076**	27,466,126
Tax payable		**7,176,978**	7,315,529
Finance lease payables		**–**	88,827
Deposits from customers		**40,806,876**	41,714,245
Due to the holding company		**3,986,010**	2,289,988
Due to related companies		**5,271,737**	5,508,089
Derivative financial instruments		**665,385**	1,102,562
Accounts payable to brokerage clients		**108,958**	85,051
Unearned premium provisions		**8,534,593**	6,684,319
Provision for outstanding claims		**20,453,001**	15,740,723
Provision for unexpired risks		**310,984**	286,538
Financial liabilities for unit-linked contracts		**140,659**	144,102
Investment contract liabilities		**7,421,397**	7,593,473
Other life insurance contract liabilities		**1,920,978**	1,674,062
Insurance and reinsurance creditors		**9,397,235**	8,380,093
Financial liabilities at fair value through profit or loss		**3,086,275**	1,825,082
Due to banks and other financial institutions		**2,035,940**	1,557,878
Placements from banks and other financial institutions		**35,562**	140,119
		246,499,816	233,556,333
Liabilities directly associated with the assets classified as held for sale		**4,140**	4,156
Total current liabilities		**246,503,956**	233,560,489
NET CURRENT ASSETS		**25,567,466**	43,285,281
TOTAL ASSETS LESS CURRENT LIABILITIES		**435,006,150**	405,323,349

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	10	**126,333,786**	118,399,533
Finance lease payables		**–**	477,578
Deposits from customers		**82,822**	70,625
Derivative financial instruments		**648,981**	528,816
Deferred income		**968,519**	966,959
Other long term payables		**19,730,566**	10,585,968
Deferred tax liabilities		**14,143,374**	15,067,449
Provision for outstanding claims		**16,461,334**	18,152,768
Financial liabilities for unit-linked contracts		**174,029**	172,040
Investment contract liabilities		**62,795,758**	64,796,552
Other life insurance contract liabilities		**23,553,843**	14,813,332
Insurance and reinsurance creditors		**146,795**	141,169
Contract liabilities		**145,244**	252,710
Due to banks and other financial institutions		**–**	456,827
Total non-current liabilities		**265,185,051**	244,882,326
Net assets		**169,821,099**	160,441,023
EQUITY			
Equity attributable to owners of the parent			
Share capital		**36,712,165**	36,660,729
Treasury shares		**(137,515)**	(139,226)
Other reserves		**78,206,103**	72,007,335
		114,780,753	108,528,838
Non-controlling interests		**55,040,346**	51,912,185
Total equity		**169,821,099**	160,441,023

Guo Guangchang

Director

Wang Qunbin

Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the parent										
	Issued capital RMB'000	Treasury shares RMB'000	Other deficits RMB'000	Surplus reserve RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 (audited)	36,660,729	(139,226)	(443,540)	9,156,698	(1,784,134)	4,348,203	61,215,398	(485,290)	108,528,838	51,912,185	160,441,023
Total comprehensive income/(loss) for the Period	–	–	–	–	1,066,214	(227,413)	7,608,763	231,910	8,679,474	3,718,147	12,397,621
Acquisition of subsidiaries (note 13(a))	–	–	–	–	–	–	–	–	–	1,649,577	1,649,577
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(2,089,984)	(2,089,984)
Transfer from retained profits	–	–	–	2,859,362	–	–	(2,859,362)	–	–	–	–
Disposal of subsidiaries (note 13(b))	–	–	–	–	–	–	–	–	–	(28,829)	(28,829)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(662)	(662)
Final dividend declared	–	–	–	–	–	–	(2,730,595)	–	(2,730,595)	–	(2,730,595)
Share of other reserve of associates	–	–	–	–	–	(1,901)	–	–	(1,901)	48,458	46,557
Acquisition of additional interests in subsidiaries	–	–	–	–	–	170,138	–	–	170,138	(607,896)	(437,758)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	250,412	250,412
Deemed acquisition of additional interests in a subsidiary	–	–	–	–	–	427	–	–	427	(427)	–
Deemed disposal of partial interests in subsidiaries	–	–	–	–	–	84,618	–	–	84,618	50,993	135,611
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	41,818	–	–	41,818	14,897	56,715
Re-purchase of shares	–	–	–	–	–	–	(95,826)	–	(95,826)	–	(95,826)
Equity-settled share-based payment of the Company**	51,436	1,711	–	–	–	50,615	–	–	103,762	–	103,762
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	123,475	123,475
At 30 June 2019 (unaudited)	36,712,165	(137,515)	(443,540)*	12,016,060*	(717,920)*	4,466,505*	63,138,378*	(253,380)*	114,780,753	55,040,346	169,821,099

* These reserve accounts comprise the consolidated other reserves of RMB78,206,103,000 in the interim condensed consolidated statement of financial position.

** According to the share award scheme announced by the Company, the Company issued and the employee benefit trust established by the Company allotted 5,973,750 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the Period, 5,078,760 shares were vested.

	Attributable to owners of the parent											
	Issued capital RMB'000	Treasury shares RMB'000	Other deficits RMB'000	Surplus reserve RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2017 (audited)	36,485,351	(108,757)	(443,540)	7,406,761	5,718,058	1,017,528	18,054	51,622,339	(755,040)	100,960,754	35,451,527	136,412,281
Impact of adopting HKFRS 9 and HKFRS 15	–	–	–	–	(1,223,058)	–	–	1,159,328	–	(63,730)	(10,999)	(74,729)
At 1 January 2018 (audited)	36,485,351	(108,757)	(443,540)	7,406,761	4,495,000	1,017,528	18,054	52,781,667	(755,040)	100,897,024	35,440,528	136,337,552
Total comprehensive income/(loss) for the Period	–	–	–	–	(3,732,379)	(321,331)	–	6,858,320	(720,603)	2,084,007	919,571	3,003,578
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	662,951	662,951
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(942,996)	(942,996)
Transfer from retained profits	–	–	–	1,440,308	–	–	–	(1,440,308)	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(21,703)	(21,703)
Conversion of convertible bonds to ordinary shares	99,190	–	–	–	–	–	(18,054)	–	–	81,136	–	81,136
Final dividend declared	–	–	–	–	–	–	–	(2,511,949)	–	(2,511,949)	–	(2,511,949)
Share of other reserve of associates	–	–	–	–	–	(11,458)	–	–	–	(11,458)	(7,734)	(19,192)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(683,498)	–	–	–	(683,498)	(739,127)	(1,422,625)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	741,855	741,855
Deemed acquisition of additional interests in a subsidiary	–	–	–	–	–	(117)	–	–	–	(117)	117	–
Deemed disposal of partial interests in subsidiaries	–	–	–	–	–	228,233	–	–	–	228,233	1,265,508	1,493,741
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary	–	–	–	–	–	3,530	–	–	–	3,530	(3,530)	–
Re-purchase of shares	–	–	–	–	–	–	–	(329,433)	–	(329,433)	–	(329,433)
Disposal of partial interests in a subsidiary without losing control	–	–	–	–	–	11,836	–	–	–	11,836	40,014	51,850
Equity-settled share-based payment of the Company**	76,345	(28,758)	–	–	–	8,819	–	–	–	56,406	–	56,406
Equity-settled share-based payment of a subsidiary	–	–	–	–	–	577	–	–	–	577	941	1,518
At 30 June 2018 (unaudited)	36,660,886	(137,515)	(443,540)*	8,847,069*	762,621*	254,119*	–	55,358,297*	(1,475,643)*	99,826,294	37,356,395	137,182,689

* These reserve accounts comprise the consolidated other reserves of RMB63,302,923,000 in the interim condensed consolidated statement of financial position.

** According to the share award scheme announced by the Company, the Company issued and the employee benefit trust established by the Company allotted 5,367,150 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the six months ended 30 June 2018, 4,436,850 shares were vested.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**6,414,395**	8,156,615
Tax paid		**(4,204,645)**	(3,392,355)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**2,209,750**	4,764,260
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment, prepaid land lease payments, intangible assets, exploration and evaluation assets and oil and gas assets		**(3,666,219)**	(3,639,893)
Increase of investment properties		**(3,465,659)**	(737,330)
Purchase of financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and debt investments at amortised cost		**(41,257,067)**	(51,868,913)
Proceeds from disposal of financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and debt investments at amortised cost		**49,581,750**	51,008,840
Proceeds from disposal of items of property, plant and equipment, intangible assets, prepaid land lease payments, investment properties and oil and gas assets		**478,663**	586,723
Disposal of subsidiaries	13(b)	**1,686,935**	2,644,478
Proceeds from disposal or partial disposal of associates and joint ventures		**843,724**	628,468
Acquisition of subsidiaries	13(a)	**(534,276)**	(407,996)
Acquisition and establishment of associates and joint ventures		**(3,024,829)**	(8,340,057)
Dividends and interests received from financial assets, associates and joint ventures		**1,842,876**	2,006,175
Shareholder loans provide to joint ventures and associates		**–**	(639,903)
Decrease in pledged bank balances and time deposits with original maturity of more than three months		**1,363,295**	5,039,749
Prepayments for proposed acquisitions of long term assets		**(633,578)**	(364,004)
Prepayment for addition of right-of-use assets		**(401,267)**	–
Interest received		**421,756**	317,566
NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**3,236,104**	(3,766,097)

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling shareholders of subsidiaries	**386,023**	2,688,579
New bank and other borrowings	**45,987,781**	58,254,979
Repayment of bank and other borrowings	**(45,214,788)**	(43,934,139)
Dividends paid to non-controlling shareholders of subsidiaries	**(1,184,389)**	(410,600)
Acquisition of additional interests in subsidiaries	**(598,208)**	(1,415,565)
Interest paid	**(4,482,114)**	(3,787,601)
Principal portion of lease payments	**(905,049)**	–
Dividends paid to shareholder	**(220,283)**	(371,957)
Re-purchase of shares	**(95,826)**	(329,433)
Others	**–**	(14,222)
NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(6,326,853)**	10,680,041
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(880,999)**	11,678,204
Cash and cash equivalents at beginning of the Period	**91,333,170**	68,567,445
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**90,452,171**	80,245,649
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
CASH AND BANK BALANCES AT END OF THE PERIOD	**103,747,675**	88,906,783
Less: Pledged bank balances and term deposits with original maturity of more than three months	**(9,935,379)**	(6,660,987)
Required reserve deposits	**(469,931)**	(395,984)
Restricted presale proceeds of properties	**(2,890,194)**	(1,604,163)
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**90,452,171**	80,245,649

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

1.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 (the "Period") has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

The financial information relating to the year ended 31 December 2018 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2018. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new standards amendments effective as of 1 January 2019 as follows:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The Group has applied, for the first time, HKFRS 16 *Leases*, Amendments to HKAS 28 Long-term Interests in *Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*. The nature and impact of the new and revised HKFRSs are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

(a) Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land, buildings, machinery, furniture, fixtures, and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g.,vehicles, furnitures, laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other long-term payables and accrued liabilities and other payables. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB565,205,000 that were reclassified from property, plant and equipment.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

(a) Adoption of HKFRS 16 *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

Impacts on transition *(Continued)*

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	14,707,154
Decrease in property, plant and equipment	(565,205)
Decrease in intangible assets	(65,964)
Decrease in prepaid land lease payments	(3,427,896)
Decrease in prepayments, other receivables and other assets	(210,457)
Increase in total assets	**10,437,632**
Liabilities	
Increase in lease liabilities	11,240,589
Decrease in trade payables	(17,897)
Decrease in accrued liabilities and other payables	(25,070)
Decrease in other long-term payables	(193,585)
Decrease in finance lease payables	(566,405)
Increase in total liabilities	**10,437,632**

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

(a) Adoption of HKFRS 16 *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

Impacts on transition *(Continued)*

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	**15,816,392**
Less: Operating lease commitments for signed lease contract of which the lease terms were not started at 1 January 2019	(3,338,943)
Commitments relating to short-term leases and low-value leases	(100,644)
Add: Payments in optional extension periods not recognised as at 31 December 2018	1,429,746
Operating lease commitments as at 31 December 2018	13,806,551
Weighted average incremental borrowing rate as at 1 January 2019	5.47%
Discounted operating lease commitments as at 1 January 2019	10,674,184
Add: Commitments relating to leases previously classified as finance leases	566,405
Lease liabilities as at 1 January 2019	**11,240,589**

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any re-measurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

(a) Adoption of HKFRS 16 *(Continued)*

Summary of new accounting policies *(Continued)*

Lease liabilities *(Continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statements of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within other long term payable and accrued liabilities and other payable), and the movements during the period are as follows:

	Right-of-use assets					
	Land RMB'000	**Buildings RMB'000**	**Machinery RMB'000**	**Furniture, fixtures and other equipment RMB'000**	**Subtotal RMB'000**	**Lease liabilities RMB'000**
As at 1 January 2019	**3,478,660**	**10,562,234**	**408,114**	**258,146**	**14,707,154**	**11,240,589**
Additions	756,681	308,873	16,089	29,757	1,111,400	364,547
Depreciation charge	(27,585)	(718,240)	(44,279)	(33,827)	(823,931)	–
Disposal	–	(11,771)	–	(406)	(12,177)	–
Transfer to investment properties	(51,713)	–	–	–	(51,713)	–
Interest expense	–	–	–	–	–	256,423
Payments	–	–	–	–	–	(905,049)
Exchange alignment	1,550	(25,706)	(1,002)	664	(24,494)	(26,810)
As at 30 June 2019	**4,157,593**	**10,115,390**	**378,922**	**254,334**	**14,906,239**	**10,929,700**

The Group recognised rental expenses from short-term leases and leases of low-value assets of RMB60,446,000, and variable lease payments not based on index or rate of RMB34,249,000 for the six months ended 30 June 2019.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

(b) Adoption of Amendments to HKAS 28

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendments did not have any significant impact on the Group's interim condensed consolidated financial information.

(c) Adoption of HK(IFRIC)-Int 23

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(i) The Health segment engages in the research and development, manufacture, sale and trading of pharmaceutical and health products and providing medical services and health management;

(ii) The Happiness segment comprises principally the operation and investments in tourism and leisure, fashion consumer and lifestyle industries;

(iii) The Insurance segment mainly engages in the operation of and investment in the insurance businesses;

(iv) The Finance segment mainly engages in the operation of and investment in the banking and other financial businesses; and

(v) The Investment segment comprises principally the primary market investments, secondary market investments, and investments in asset management companies and other companies of the Group.

The Insurance segment, Finance segment and Investment segment listed above all belong to Wealth sector of the Group.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. During the Period, as management changed the structure of the Group's internal organisation to match its business development strategy in a manner that caused to change the Group's composition of its reportable segments, some entities within the Group were re-allocated to reflect such change.

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except that head office and corporate expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the fair selling prices used for sales made to third parties at the then prevailing market prices.

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2019 (unaudited)

	Health	Happiness	Wealth				
			Insurance	Finance	Investment	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	16,199,088	30,891,497	15,534,259	988,263	4,862,335	–	68,475,442
Inter-segment sales	266,312	2,369	–	77,223	14,801	(360,705)	–
Total revenue	16,465,400	30,893,866	15,534,259	1,065,486	4,877,136	(360,705)	68,475,442
Segment results:	2,625,222	3,950,171	1,345,810	984,936	5,576,534	(101,306)	14,381,367
Unallocated expenses							(893,614)
Profit before tax	2,625,222	3,950,171	1,345,810	984,936	5,576,534	(101,306)	13,487,753
Tax	(383,623)	(1,618,930)	(50,704)	(48,365)	(180,694)	12,384	(2,269,932)
Profit for the Period	2,241,599	2,331,241	1,295,106	936,571	5,395,840	(88,922)	11,217,821
Other segment information:							
Interest and dividend income	104,852	246,616	1,755,230	46,005	443,291	(78,521)	2,517,473
Other income and gains (excluding interest and dividend income)	944,713	1,582,606	2,432,559	232,113	5,409,045	(100,195)	10,500,841
Amount reported in profit or loss applying the overlay approach	–	–	(493,419)	–	–	–	(493,419)
Impairment losses recognised in the statement of profit or loss, net	(36,311)	(105,209)	(45,931)	(21,330)	(45,334)	–	(254,115)
Finance costs	(584,338)	(860,416)	(100,620)	(2,247)	(3,494,138)	107,580	(4,934,179)
Share of profits and losses of							
– Joint ventures	(25,933)	(268,105)	(77,617)	–	681,169	18	309,532
– Associates	886,016	221,112	455,621	712,386	1,371,422	(30,443)	3,616,114

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2018 (unaudited) (restated)

	Health	Happiness	Wealth				
			Insurance	Finance	Investment	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	13,736,118	13,540,968	11,313,464	1,269,513	3,651,697	–	43,511,760
Inter-segment sales	248,832	372	1,019	60,990	26,157	(337,370)	–
Total revenue	13,984,950	13,541,340	11,314,483	1,330,503	3,677,854	(337,370)	43,511,760
Segment results:	2,545,578	1,674,311	2,069,427	751,990	4,339,344	(32,150)	11,348,500
Unallocated expenses							(1,074,064)
Profit before tax	2,545,578	1,674,311	2,069,427	751,990	4,339,344	(32,150)	10,274,436
Tax	(210,753)	(598,057)	(572,057)	27,627	(504,289)	(2,904)	(1,860,433)
Profit for the Period	2,334,825	1,076,254	1,497,370	779,617	3,835,055	(35,054)	8,414,003
Other segment information:							
Interest and dividend income	64,705	55,623	1,680,913	38,984	374,666	(48,760)	2,166,131
Other income and gains (excluding interest and dividend income)	960,549	1,600,181	1,413,390	84,752	4,829,435	(89,943)	8,798,364
Amount reported in profit or loss applying the overlay approach	–	–	1,873,225	–	–	–	1,873,225
Impairment losses recognised in the statement of profit or loss, net	(36,134)	(5,506)	(315,236)	(17,460)	7,992	–	(366,344)
Finance costs	(471,863)	(51,544)	(96,957)	–	(2,861,469)	192,353	(3,289,480)
Share of profits and losses of							
– Joint ventures	1,972	(3,435)	(842)	–	875,465	–	873,160
– Associates	774,710	42,455	221,143	587,936	896,040	(22,673)	2,499,611

2. OPERATING SEGMENT INFORMATION *(Continued)*

Total segment assets and liabilities as at 30 June 2019 and 31 December 2018 are as follows:

Segment assets:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Health	**90,101,581**	86,877,645
Happiness	**157,809,128**	143,824,338
Wealth		
Insurance	**204,115,623**	185,550,344
Finance	**71,896,790**	76,530,808
Investment	**171,152,569**	162,000,251
Eliminations*	**(13,565,585)**	(15,899,548)
Total consolidated assets	**681,510,106**	638,883,838

Segment liabilities:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Health	**43,775,340**	41,250,149
Happiness	**92,003,816**	78,009,200
Wealth		
Insurance	**160,833,535**	146,403,234
Finance	**51,481,305**	56,911,226
Investment	**177,427,031**	172,709,826
Eliminations*	**(13,832,020)**	(16,840,820)
Total consolidated liabilities	**511,689,007**	478,442,815

* Inter-segment loans and other balances are eliminated on consolidation.

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
China	**38,916,298**	21,091,209
EMEA*	**18,465,483**	16,046,149
America*	**7,620,183**	4,753,918
Other countries	**3,473,478**	1,620,484
Total Revenue	**68,475,442**	43,511,760

* EMEA includes Europe, Middle-East and Africa; America includes North America and South America.

The revenue information above is based on the locations of the customers.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Note	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue			
Revenue from contracts with customers			
– Sale of goods		**36,688,059**	17,907,617
– Rendering of services		**15,594,690**	14,082,393
		52,282,749	31,990,010
Revenue from other sources			
– Insurance revenue	(1)	**15,467,100**	11,292,548
– Rental income		**722,521**	300,014
– Interest income		**240,042**	131,325
		16,429,663	11,723,887
Others			
– Less: Government surcharges		**(236,970)**	(202,137)
		68,475,442	43,511,760
(1) Insurance revenue:			
Gross premiums written		**19,562,945**	13,994,753
Less: Premiums ceded to reinsurers and retrocessionaires		**(2,866,761)**	(1,845,854)
Net premiums written		**16,696,184**	12,148,899
Change in unearned premium provisions, net of reinsurance		**(1,229,084)**	(856,351)
Net earned premiums		**15,467,100**	11,292,548

3. REVENUE, OTHER INCOME AND GAINS *(Continued)*

An analysis of revenue, other income and gains is as follows: *(Continued)*

Disaggregated revenue information

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2019 (unaudited)
Segments:

	Health	**Happiness**	**Wealth**			
			Insurance	**Finance**	**Investment**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Type of goods or services						
Sale of goods	**12,543,597**	**21,035,852**	**–**	**–**	**3,108,610**	**36,688,059**
Rendering of services	**3,741,819**	**9,769,300**	**67,159**	**743,147**	**1,273,265**	**15,594,690**
	16,285,416	**30,805,152**	**67,159**	**743,147**	**4,381,875**	**52,282,749**
Timing of revenue recognition						
Goods transferred at a point in time	**12,543,597**	**21,035,852**	**–**	**–**	**3,108,610**	**36,688,059**
Services transferred over time	**3,741,819**	**9,769,300**	**67,159**	**743,147**	**1,273,265**	**15,594,690**
	16,285,416	**30,805,152**	**67,159**	**743,147**	**4,381,875**	**52,282,749**

For the six months ended 30 June 2018 (unaudited) (restated)
Segments:

	Health	Happiness	Wealth			
			Insurance	Finance	Investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services						
Sale of goods	10,562,862	5,064,300	–	–	2,280,455	17,907,617
Rendering of services	3,263,981	8,364,439	20,916	1,139,410	1,293,647	14,082,393
	13,826,843	13,428,739	20,916	1,139,410	3,574,102	31,990,010
Timing of revenue recognition						
Goods transferred at a point in time	10,562,862	5,064,300	–	–	2,280,455	17,907,617
Services transferred over time	3,263,981	8,364,439	20,916	1,139,410	1,293,647	14,082,393
	13,826,843	13,428,739	20,916	1,139,410	3,574,102	31,990,010

3. REVENUE, OTHER INCOME AND GAINS *(Continued)*

An analysis of revenue, other income and gains is as follows: *(Continued)*

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	**537,920**	347,507
Dividends and interest from financial assets	**1,979,553**	1,818,624
Rental income	**302,531**	250,350
Government grants	**259,077**	205,957
Consultancy and other service income	**158,962**	30,170
Fee income relating to investment contracts	**223,677**	240,552
Others	**456,992**	874,061
	3,918,712	3,767,221
Gains		
Gain on disposal of subsidiaries (note 13(b))	**1,591,006**	11,185
Gain on bargain purchase of subsidiaries (note 13(a))	**19,095**	–
Gain on deemed disposal of associates	**2,506,731**	265,871
Gain on disposal of associates	**663,867**	166,053
Gain on disposal of property, plant and equipment	**6,895**	76,244
Gain on disposal of investment properties	**14,952**	1,984
Gain on disposal of intangible assets	**70,251**	–
Gain on disposal of financial assets	**213,315**	1,779,240
Gain on fair value adjustment of investment properties	**1,249,596**	63,637
Gain on fair value adjustment of financial assets at fair value through profit or loss	**2,540,876**	3,958,339
Gain on fair value adjustment of unit-linked contracts	**–**	626
Exchange gains, net	**223,018**	874,095
	9,099,602	7,197,274
Other income and gains	**13,018,314**	10,964,495

4. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total interest expenses	**5,260,493**	3,695,263
Less: Interest capitalised, in respect of bank and other borrowings	**(716,157)**	(551,702)
Interest expenses, net	**4,544,336**	3,143,561
Interest on discounted bills	**9,811**	–
Interest on lease liability	**256,423**	–
Bank charges and other finance costs	**123,609**	145,919
Total finance costs	**4,934,179**	3,289,480

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	**43,749,865**	27,892,441
Depreciation of items of property, plant and equipment (note 8)	**1,358,709**	1,097,462
Depreciation of items of right of use assets	**823,931**	–
Amortisation of:		
Prepaid land lease payments	**–**	12,410
Mining rights	**7,014**	4,187
Intangible assets	**511,273**	280,317
Oil and gas assets	**125,221**	119,722
Impairment of financial and contract assets, net:		
– Impairment/(reversal of impairment) of trade and other receivables	**121,092**	(8,589)
– Impairment of debt investments at fair value through other comprehensive income	**22,844**	200,560
– Impairment of loans and advances to customers	**25,135**	20,698
– Impairment of insurance and reinsurance debtors	**20,308**	124,476
– Impairment of debt investments at amortised cost	**15,542**	–
– Impairment of finance lease receivables	**863**	–
Provision for inventories	**8,130**	19,906
Provision for properties under development	**17,714**	–
Provision for impairment of items of property, plant and equipment (note 8)	**22,487**	–
Provision for impairment of investments in associates	**–**	9,293
Exchange gain, net	**(223,018)**	(874,095)
Loss on derivative financial instruments	**762,042**	1,054,574

6. TAX

The major components of tax expenses for the six months ended 30 June 2019 and 2018 are as follows:

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current – Portugal, Hong Kong and others	(1)	**120,208**	393,139
Current – Chinese Mainland			
– Income tax in Chinese Mainland for the Period	(2)	**1,783,073**	695,724
– LAT in Chinese Mainland for the Period	(3)	**1,021,147**	542,046
Deferred		**(654,496)**	229,524
Tax expenses for the Period		**2,269,932**	1,860,433

Notes:

(1) Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period.

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma"), incorporated in Israel, is based on a preferential rate of 8.44% (six months ended 30 June 2018: 16%).

The provision for income tax of Fidelidade – Companhia de Seguros, S.A., Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A., subsidiaries incorporated in Portugal acquired by the Group, is based on a rate of 31.5% (six months ended 30 June 2018: 31.5%).

The provision for income tax of AmeriTrust Group, Inc. and its subsidiaries incorporated in the United States acquired by the Group is based on a rate of 21% (six months ended 30 June 2018: 21%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France acquired by the Group is based on a rate of 34.43% (six months ended 30 June 2018: 34.43%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG and its subsidiaries incorporated in Germany acquired by the Group is based on a rate of 32.15% (six months ended 30 June 2018: 32.15%).

The provision for income tax of Gland Pharma Limited ("Gland"), incorporated in India, is based on a statutory rate of 34.94% (34.61% before 1 April 2018 and 34.94% after 1 April 2018).

(2) The provision for Mainland China current income tax is based on a statutory rate of 25% (six months ended 30 June 2018: 25%) of the assessable profits of the Group as determined in accordance with the Enterprise Income Tax Law of the PRC which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which were taxed at preferential rates of 0% to 20%.

(3) According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. Prior to 2007, except for the mentioned amount paid to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

During the Period, the prepaid LAT of the Group amounted to RMB323,535,000 (six months ended 30 June 2018: RMB496,330,000). In addition, based on the latest understanding of the LAT regulations from the State Administrative of Taxation, the Group made an additional LAT provision in the amount of RMB743,469,000 (six months ended 30 June 2018: RMB252,499,000) in respect of the sales of properties up to 30 June 2019 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

During the Period, unpaid LAT provision in the amount of RMB45,857,000 (six months ended 30 June 2018: RMB206,783,000) was reversed to the interim condensed consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,536,228,345 (six months ended 30 June 2018: 8,573,957,384 ordinary shares) in issue during the Period.

The calculation of the diluted earnings per share amounts is based on the profit for the Period attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to share award scheme and the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, plus the weighted average number of ordinary shares assumed to have been issued on the deemed vesting or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2019 **RMB'000** **(Unaudited)**	2018 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**7,608,763**	6,858,320
Less: Cash dividends distributed to share award scheme	**(3,831)**	(1,625)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**7,604,932**	6,856,695
Interest on convertible bonds	**–**	682
Cash dividends distributed to share award scheme	**3,831**	1,625
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**7,608,763**	6,859,002

	Number of shares **For the six months ended 30 June**	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	**8,536,228,345**	8,573,957,384
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	**4,853,351**	6,041,253
– Share option scheme	**–**	47,339,149
– Convertible bonds	**–**	4,212,707
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**8,541,081,696**	8,631,550,493
Basic earnings per share (RMB)	**0.89**	0.80
Diluted earnings per share (RMB)	**0.89**	0.79

8. PROPERTY, PLANT AND EQUIPMENT

	RMB'000
Carrying value at 31 December 2018 (audited)	36,310,360
Transfer to right-of-use assets upon the adoption of HKFRS 16	(565,205)
Carrying value at 1 January 2019	35,745,155
Additions	1,894,574
Acquisition of subsidiaries (note 13(a))	480,153
Disposal of subsidiaries (note 13(b))	(5,066)
Disposals	(133,866)
Impairment (note 5)	(22,487)
Depreciation charge for the Period (note 5)	(1,358,709)
Exchange alignment	78,025
Carrying value at end of the Period (unaudited)	36,677,779

As at 30 June 2019, the Group's property, plant and equipment with a net carrying value of RMB5,195,573,000 (31 December 2018: RMB5,072,790,000) were pledged as security for interest-bearing bank and other borrowings as set out in note 10 to the interim condensed consolidated financial statements.

9. TRADE AND NOTES RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	8,628,778	6,715,368
Notes receivable	225,514	1,039,659
	8,854,292	7,755,027

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	6,655,173	4,224,990
91 to 180 days	1,172,167	1,333,338
181 to 365 days	519,256	858,939
1 to 2 years	275,794	337,721
2 to 3 years	116,334	128,952
Over 3 years	188,224	113,760
	8,926,948	6,997,700
Less: Provision for impairment of trade receivables	298,170	282,332
	8,628,778	6,715,368

9. TRADE AND NOTES RECEIVABLES *(Continued)*

Trade and notes receivables of the Group mainly arose from the Health segment and the Happiness segment. Credit terms granted to the Group's customers are as follows:

	Credit terms
Health segment	90 to 180 days
Happiness segment	30 to 360 days

At 30 June 2019, the Group's trade and notes receivables with a carrying amount of approximately RMB8,236,000 (31 December 2018: RMB57,614,000) were pledged to secure interest-bearing bank and other borrowings as set out in note 10 to the interim condensed consolidated financial statements.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**30 June 2019 RMB'000 (Unaudited)**	31 December 2018 RMB'000 (Audited)
Bank loans:			
Guaranteed	(1)	**1,014,955**	2,800
Secured	(2)	**35,868,888**	35,743,088
Unsecured		**61,941,151**	61,795,986
		98,824,994	97,541,874
Corporate bonds and enterprise bonds	(3)	**33,562,014**	33,818,635
Private placement notes	(4)	**2,959,749**	1,997,803
Private placement bond	(2) & (5)	**6,689,006**	4,523,752
Senior notes	(6)	**27,122,416**	23,681,485
Medium-term notes	(7)	**10,804,344**	9,260,017
Short-term commercial papers		**–**	1,000,000
Super and short-term commercial papers	(8)	**1,878,039**	1,378,993
Other borrowings, secured	(2) & (9)	**9,070,295**	5,958,529
Other borrowings, unsecured	(9)	**2,279,126**	6,979,263
Total		**193,189,983**	186,140,351
Portion classified as current liabilities		**(66,856,197)**	(67,740,818)
Non-current portion		**126,333,786**	118,399,533

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(1) The Group's interest-bearing bank and other borrowings amounting to RMB1,000,000,000 (31 December 2018: Nil) were guaranteed by Fosun Holdings Limited, which is the holding company of the Group.

(2) Certain of the Group's bank loans, other borrowings and private placement bonds are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Pledge of assets:		
Buildings	**4,306,908**	4,033,150
Plant and machinery	**860,601**	623,057
Construction in progress	**28,064**	416,583
Investment properties	**30,290,195**	26,449,576
Prepaid land lease payment	**–**	1,311,359
Right of use assets	**1,505,372**	–
Properties under development	**16,955,156**	18,002,227
Completed properties for sale	**3,301,650**	1,232,684
Trade and notes receivables	**8,236**	57,614
Pledged bank balances	**–**	287,862
Finance lease receivables	**1,080,766**	1,337,566
Investment in an associate	**18,878,721**	18,530,173
Financial assets at fair value through profit or loss	**3,246,803**	6,870,114
Equity investments designated at fair value through other comprehensive income	**114,597**	268,945
Debt investments at fair value through other comprehensive income	**312,043**	322,687

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 30 June 2019.

The bank loans bear interest at rates ranging from 0.45% to 9.8% (31 December 2018: nil to 9.8%) per annum.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(3) Corporate bonds and enterprise bonds

On 20 November 2015, Shanghai Forte Land Co., Ltd. ("Forte") issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 4.35% per annum. On 22 November 2018, Forte repaid in advance with a par value of RMB179,019,000. Interest is paid annually in arrears and the maturity date is 20 November 2020 for the remaining balances.

On 21 January 2016, Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun High Technology") issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 3.89% per annum. On 21 January 2019, Fosun High Technology repaid in advance with a par value of RMB44,040,000. Interest is paid annually in arrears and the maturity date is 21 January 2021.

On 4 March 2016, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") issued five-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 3.46% per annum. On 4 March 2019, Fosun Pharma repaid in advance with a par value of RMB5,500,000. Interest is paid annually in arrears and the maturity date is 4 March 2021.

On 14 April 2016, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 3.81% per annum. On 14 April 2019, Fosun High Technology repaid in advance with a par value of RMB4,000,000. Interest is paid annually in arrears and the maturity date is 14 April 2021.

On 26 May 2016, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB4,400,000,000 and an effective interest rate of 3.87% per annum. On 26 May 2019, Fosun High Technology repaid in advance with a par value of RMB131,185,000. Interest is paid annually in arrears and the maturity date is 26 May 2021.

On 30 August 2016, Hainan Mining Co., Ltd. ("Hainan Mining") issued five-year domestic corporate bonds with a par value of RMB106,000,000 and an effective interest rate of 5.65% per annum. Interest is paid annually in arrears and the maturity date is 30 August 2021.

On 14 March 2017, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,250,000,000 and an effective interest rate of 4.66% per annum. Interest is paid annually in arrears and the maturity date is 14 March 2022.

On 24 March 2017, Hainan Mining issued five-year domestic corporate bonds with a par value of RMB200,000,000 and an effective interest rate of 6.50% per annum. Interest is paid annually in arrears and the maturity date is 27 March 2022.

On 12 January 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,200,000,000 and an effective interest rate of 6.56% per annum. Interest is paid annually in arrears and the maturity date is 12 January 2023.

On 12 March 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 6.89% per annum. Interest is paid annually in arrears and the maturity date is 12 March 2023.

On 13 August 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,300,000,000 and an effective interest rate of 5.15% per annum. Interest is paid annually in arrears and the maturity date is 13 August 2023.

On 20 August 2018, Fosun High Technology issued three-year domestic corporate bonds with a par value of RMB1,500,000,000 and an effective interest rate of 6.30% per annum. Interest is paid annually in arrears and the maturity date is 20 August 2021.

On 27 August 2018, Forte issued three-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 6.92% per annum. Interest is paid annually in arrears and the maturity date is 27 August 2021.

On 29 October 2018, Fosun High Technology issued three-year domestic corporate bonds with a par value of RMB2,000,000,000 and an effective interest rate of 5.93% per annum. Interest is paid annually in arrears and the maturity date is 29 October 2021.

On 22 November 2018, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB2,200,000,000 and an effective interest rate of 5.40% per annum. Interest is paid annually in arrears and the maturity date is 22 November 2022.

On 26 November 2018, Shanghai Yuyuan Tourist Mart Co. Ltd. ("Yuyuan") issued five-year domestic corporate bonds with a par value of RMB2,000,000,000 and an effective interest rate of 4.97% per annum. Interest is paid annually in arrears and the maturity date is 26 November 2023.

On 30 November 2018, Fosun Pharma issued four-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 4.54% per annum. Interest is paid annually in arrears and the maturity date is 30 November 2022.

On 30 November 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 4.75% per annum. Interest is paid annually in arrears and the maturity date is 30 November 2023.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(4) Private placement notes

On 18 November 2016, Fosun High Technology issued three-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 3.91% per annum. Interest is paid annually in arrears and the maturity date is 18 November 2019.

On 17 March 2017, Fosun High Technology issued three-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 5.41% per annum. Interest is paid annually in arrears and the maturity date is 17 March 2020.

On 20 March 2019, Treble Hooray Limited issued one-year private placement notes with a par value of EUR122,000,000 and the effective interest rate is 3.08% per annum. Interest is paid annually in arrears and the maturity date is 20 March 2020.

(5) Private placement bond

On 17 December 2015, Eynsford Tokutei Mokuteki Kaisha, an indirect subsidiary of Fosun Property Holdings Limited, issued five-year private placement bonds with a par value of JPY1,000,000,000 and an interest rate of 3-month Tokyo Interbank Offered Rate plus 5.30% per annum. Interest is paid quarterly in arrears since April 2016. The principal amount of the private placement bonds is repaid by instalments and the final maturity date is 17 December 2020.

On 22 August 2016, Forte issued three-year private placement bonds with a par value of RMB3,000,000,000 and the effective interest rate is 4.56% per annum. On 20 August 2018, Forte repaid in advance with a par value of RMB1,970,000,000. Interest is paid annually in arrears and the maturity date is 22 August 2019 for the remaining balances.

On 3 April 2017, Tekapo TMK, a subsidiary of Fosun Management Holdings Limited, issued five-year private placement bonds with a par value of JPY700,000,000 and an effective interest rate of 2.02% per annum. Interest is paid quarterly in arrears since April 2017. The final maturity date is 3 April 2022.

On 2 May 2017, Forte issued three-year private placement bonds with a par value of RMB3,000,000,000 and the effective interest rate is 6.66% per annum. On 2 May 2019, Forte repaid in advance with a par value of RMB381,500,000 and the adjusted effective interest rate is 6.66%. Interest is paid annually in arrears and the maturity date is 2 May 2020.

On 31 August 2017, Fosun High Technology issued three-year private placement bonds with a par value of RMB500,000,000 and an effective interest rate of 6.13% per annum. Interest is paid annually in arrears and the maturity date is 31 August 2020.

On 25 January 2019, Forte issued three-year private placement bonds with a par value of RMB1,440,000,000 and the effective interest rate is 6.13% per annum. Interest is paid annually in arrears and the maturity date is 25 January 2022.

On 22 March 2019, Forte issued three-year private placement bonds with a par value of RMB1,000,000,000 and the effective interest rate is 5.99% per annum. Interest is paid annually in arrears and the maturity date is 22 March 2022.

(6) Senior notes

In 2014, Xingtao Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued eight-year senior notes with an effective interest rate of 3.31%. Among these, senior notes with a par value of EUR492,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 9 October 2022.

On 17 August 2016, Wealth Driven Limited, a subsidiary of Fosun Industrial Holdings Limited, issued three tranches of seven-year senior notes with par values of USD180,000,000, USD120,000,000 and USD290,000,000 and effective interest rates of 5.603%, 5.599% and 5.41%, respectively. Among these, senior notes with a par value of USD555,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 17 August 2023.

On 23 March 2017, Fortune Star (BVI) Limited ("Fortune Star"), a subsidiary of Fosun Industrial Holdings Limited, issued two tranches of five-year senior notes with par values of USD800,000,000 and USD600,000,000 and effective interest rates of 5.33% and 5.04%, respectively. Among these, senior notes with a par value of USD1,390,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 23 March 2022.

On 5 December 2017, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued three-year senior notes with a par value of USD300,000,000 and an effective interest rate of 5.59%. On 29 January 2018, Fortune Star issued three-year senior notes with a par value of USD250,000,000 and an effective interest rate of 5.23%. Among these, senior notes with a par value of USD504,518,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 5 December 2020.

On 29 January 2018, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD450,000,000 and an effective interest rate of 6.09%. Among these, senior notes with a par value of USD440,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 29 January 2023.

On 28 January 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued two-year senior notes with a par value of USD500,000,000 and an effective interest rate of 7.19%. Interest is paid semi-annually in arrears and the maturity date is 28 January 2021.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(7) Medium-term notes

On 16 November 2017, Yuyuan issued three-year medium-term notes with a par value of RMB980,000,000 and an effective interest rate of 5.68% per annum. Interest is paid annually in arrears and the maturity date is 20 November 2020.

On 7 February 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 6.81% per annum. Interest is paid annually in arrears and the maturity date is 7 February 2021.

On 19 April 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 6.61% per annum. Interest is paid annually in arrears and the maturity date is 19 April 2021.

On 25 April 2018, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.60% per annum. Interest is paid annually in arrears and the maturity date is 27 April 2021.

On 30 July 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 6.57% per annum. Interest is paid annually in arrears and the maturity date is 30 July 2021.

On 7 September 2018, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 6.91% per annum. Among these, medium-term notes with a par value of RMB870,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 7 September 2023.

On 11 September 2018, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.50% per annum. Interest is paid annually in arrears and the maturity date is 13 September 2021.

On 22 February 2019, Fosun High Technology issued five-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.36% per annum. Among these, medium-term notes with a par value of RMB1,970,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 February 2024.

(8) Super short-term commercial papers

On 21 January 2019, Fosun Pharma issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 3.88% per annum. Interest is payable at the maturity date which is 18 October 2019.

On 28 March 2019, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 4.12% per annum. Among these, Super short-term commercial papers with a par value of RMB870,000,000 were purchased by third party investors. Interest is payable at the maturity date which is 23 September 2019.

(9) Other borrowings

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0.98% to 9.39% (31 December 2018: 0.98% to 9.39%) per annum.

11. TRADE AND NOTES PAYABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	**14,651,468**	13,808,784
Notes payable	**486,908**	297,158
	15,138,376	14,105,942

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	**6,512,017**	5,152,391
91 to 180 days	**1,427,189**	2,180,065
181 to 365 days	**2,178,135**	1,938,098
1 to 2 years	**1,863,327**	1,315,522
2 to 3 years	**493,337**	1,786,838
Over 3 years	**2,177,463**	1,435,870
	14,651,468	13,808,784

Trade and notes payables of the Group mainly arose from the Health segment and Happiness segment. The trade and notes payables are non-interest-bearing and are normally settled on terms of 30 to 60 days or based on the progress of construction of properties.

12. DIVIDENDS

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interim – HKD0.13 (2018: Nil) per ordinary share	**977,016**	–

Note:

On 27 August 2019, the board of directors declared an interim dividend of HKD0.13 (six months ended 30 June 2018: Nil) per ordinary share, amounting to a total of approximately HKD1,110,675,000 (equivalent to RMB977,016,000).

The proposed final dividend of HKD0.37 per ordinary share for the year ended 31 December 2018 was declared payable and approved by the shareholders at the annual general meeting of the Company on 5 June 2019.

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries accounted for as business combination

The major acquisition of subsidiaries accounted for as business combination is set out as follows:

In January 2019, Longrun Portugal, SGPS, S.A., a subsidiary of the Group, acquired 51% equity interests in La Positiva Seguros y Reaseguros at a consideration of Peruvian Soles 349,604,000 (equivalent to RMB727,487,000). The acquisition was undertaken to further develop the insurance business of the Group.

In January 2019, Yuyuan, a subsidiary of the Group, acquired 79.99% equity interests in International Gemological Institute at a consideration of USD112,022,265 (equivalent to RMB750,829,000).

In January 2019, Yuyuan, a subsidiary of the Group, acquired 100% equity interest in Shanghai Xingjue Investment Management Co., Ltd ("Shanghai Xingjue") at a consideration of RMB793,900,000.

The Group has elected to measure the non-controlling interests in all the subsidiaries acquired during the period at the non-controlling interest's proportionate share of the acquired subsidiary's identifiable net assets.

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

The provisional fair values of the identifiable assets and liabilities of all the acquired subsidiaries during the Period as at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition RMB'000 (Unaudited)
Property, plant and equipment (note 8)	480,153
Investment in associates	94,959
Investment properties	1,678,755
Financial assets at fair value through profit or loss	126,005
Debt investments at fair value through other comprehensive income	1,459,255
Debt investments at amortised cost	5,737,875
Intangible assets	976,611
Deferred tax assets	74,502
Cash and bank	1,656,268
Trade and notes receivables	2,839,243
Prepayments, other receivables and other assets	542,641
Inventories	20,610
Completed properties for sale	1,220,985
Properties under development	1,856,059
Insurance and reinsurance debtors	1,181,389
Reinsurers' share of insurance contract provisions	934,980
Interest-bearing bank and other borrowings	(1,970,469)
Trade and notes payables	(2,160,284)
Accrued liabilities and other payables	(872,502)
Tax payable	(142,616)
Deferred tax liabilities	(455,194)
Contract liabilities	(530,665)
Unearned premium provisions	(1,112,927)
Provision for outstanding claims	(1,612,163)
Other life insurance contract liabilities	(5,863,498)
Insurance and reinsurance creditors	(1,146,903)
Derivative financials instruments	(27,136)
Total identifiable net assets at fair values	4,985,933
Non-controlling interests	(1,649,577)
Total net assets acquired	3,336,356
Gain on bargain purchase of subsidiaries (note 3)	(19,095)
Goodwill on acquisition	726,786
	4,044,047

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

	RMB'000
Satisfied by:	
Cash	2,174,947
Investments in joint ventures	1,381,988
Prepayments, other receivables and other assets	487,112
	4,044,047

The fair value of the acquired trade and notes receivables and other receivables as at the date of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The assessments of the fair values of the identifiable assets and liabilities of the subsidiaries acquired are still undergoing, and the information of the fair values of the identifiable assets and liabilities are provisional at the date of the approval of this interim condensed consolidated financial information.

(ii) An analysis of the cash flows in respect of the acquisition of subsidiaries as set out in (i) above is as follows:

	RMB'000
Consideration settled by cash	(2,174,947)
Cash and cash equivalents acquired	1,656,268
Unpaid cash consideration as at 30 June 2019	65,910
Payment of unpaid cash consideration as at 31 December 2018	(81,507)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(534,276)

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

The major disposal during the Period is set out as follows:

In March 2019, a subsidiary of Forte disposed of its equity interests in Guangzhou Xingjian Xingsui Real Estate Co., Ltd ("Xingjian Xingsui") at a total consideration of approximately RMB2,926,359,000.

The total net assets disposed of in respect of the disposal of the subsidiaries during the Period were as follows:

	30 June 2019 RMB'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment (note 8)	5,066
Intangible asset	2,741
Equity investments designated at fair value through other comprehensive income	8,200
Deferred tax assets	1,927
Cash and bank	66,258
Trade and notes receivables	78,147
Goodwill	5,741
Prepayments, other receivables and other assets	10,177
Property under development	1,879,693
Due from related parties	527
Interest-bearing loans and other borrowings	(496,000)
Trade and notes payables	(12,914)
Accrued liabilities and other payables	(111,179)
Contract liabilities	(10,146)
Due to related parties	(819)
Deferred tax liabilities	(94)
Non-controlling interests	(28,829)
	1,398,496
Fair value of the retained interests in subsidiaries disposed of	(48,557)
Net gain on disposal of subsidiaries (notes 3)	1,591,006
	2,940,945

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	30 June 2019 RMB'000 (Unaudited)
Satisfied by:	
Cash	**1,753,193**
Prepayment, other receivables and other assets	**1,187,752**
	2,940,945
Cash consideration	**1,753,193**
Cash and cash equivalents disposed of	**(66,258)**
Net inflow of cash and cash equivalents included in cash flows from investing activities	**1,686,935**

14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	**1,846,586**	2,722,616
Properties under development	**12,953,190**	10,717,758
Investments	**5,117,034**	6,997,321
	19,916,810	20,437,695

15. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

		30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Principal amount of the guaranteed bank loans of:			
Related parties		**19,003**	21,935
Third parties		**17,105**	27,403
Qualified buyers' mortgage loans	(1)	**7,757,874**	5,692,919
		7,793,982	5,742,257

(1) As at 30 June 2019, the Group provided guarantees of approximately RMB7,757,874,000 (31 December 2018: RMB5,692,919,000) in favour of their customers in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in case of default in payments, the net realizable value of the related properties can cover the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made for the guarantees in the interim condensed consolidated financial statements.

(2) Owing to the nature of the insurance business, the insurance and finance segment of the Group is involved in legal proceedings in the ordinary course of its activity, including being the plaintiff or the defendant in litigation and arbitration proceedings. Most of such legal proceedings involve claims concerning insurance policies, which are already provisioned, and some additional losses arising therefrom will be indemnified either by reinsurers or by other recoveries, like salvages. Although the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities will not have a material adverse effect on its financial position or operating results.

16. RELATED PARTY TRANSACTIONS

(1) During the Period, the Group had the following material transactions with related parties in addition to the transactions disclosed in note 10:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Associates, joint ventures and other related parties:		
Sales of pharmaceutical products	**1,850,660**	1,310,138
Purchase of pharmaceutical products	**152,982**	98,845
Sales of other products	**44,425**	9,639
Purchase of other products	**4,385**	167
Rental income	**6,570**	3,360
Service income	**160,014**	115,457
Interest income	**67,769**	98,332
Interest expense	**16,850**	2,853
Service expense	**8,245**	–
Deposits from related companies	**7,064,894**	10,369,153
Bank loan guarantees provided	**18,594**	14,138
Bank loan guarantees received	**1,001,600**	1,984,980
Loan to related parties	**1,012,311**	1,635,762

The bank loans were guaranteed by the related companies free of charge. The guarantees were given by the Group for bank loans of the related companies free of charge. In the opinion of the directors, except for guarantees received from and provided to related parties, all related party transactions as set out above were conducted on normal commercial terms.

(2) Compensation of key management personnel of the Company:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**30,537**	39,271
Equity-settled share award scheme expense	**24,239**	8,989
Equity-settled share option scheme expense	**14,455**	16,029
Pension scheme contributions	**217**	223
	69,448	64,512

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)	**30 June 2019 RMB'000 (Unaudited)**	31 December 2018 RMB'000 (Audited)
Financial assets				
Equity investments designated at fair value through other comprehensive income	**1,301,781**	1,645,118	**1,301,781**	1,645,118
Debt investments at fair value through other comprehensive income	**70,972,595**	84,149,165	**70,972,595**	84,149,165
Debt investments at amortised cost	**37,147,807**	20,123,356	**37,237,503**	20,097,201
Financial assets at fair value through profit or loss	**51,895,095**	49,015,798	**51,895,095**	49,015,798
Loans and advances to customers	**499,439**	653,693	**518,770**	665,854
Policyholder account assets in respect of unit-linked contracts	**229,209**	231,026	**229,209**	231,026
Derivative financial instruments	**889,245**	1,151,628	**889,245**	1,151,628
Associates measured at fair value through profit or loss	**6,340,940**	6,076,315	**6,340,940**	6,076,315
	169,276,111	163,046,099	**169,385,138**	163,032,105
Financial liabilities				
Interest-bearing bank and other borrowings	**126,333,786**	118,399,533	**126,908,070**	118,128,008
Financial liabilities at fair value through profit or loss	**3,086,275**	1,825,082	**3,086,275**	1,825,082
Financial liabilities included in accrued liabilities and other payables	**454,510**	397,858	**454,510**	397,858
Financial liabilities included in other long term payables	**9,287,882**	9,273,439	**9,287,882**	9,273,439
Deposits from customers	**82,822**	70,625	**82,388**	68,042
Due to banks and other financial institutions	**–**	456,827	**–**	456,827
Financial liabilities for unit-linked contracts	**229,209**	231,026	**229,209**	231,026
Derivative financial instruments	**1,314,366**	1,631,378	**1,314,366**	1,631,378
	140,788,850	132,285,768	**141,362,700**	132,011,660

Management has assessed that the fair values of cash and bank, term deposits, finance lease receivables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, trade and notes receivables, trade and notes payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of loans and advances to customers, interest-bearing bank and other borrowings, deposits from customers, placements from banks and other financial institutions, due to banks and other financial institutions, amounts due from related companies and amounts due to related companies and the holding company approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial liabilities included in other long term payables, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of amounts due to related companies, financial liabilities included in other long term payables and non-current portion of interest-bearing bank and other borrowings as at 30 June 2019 was assessed to be insignificant. The fair values of listed bonds and senior notes are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts, forward currency contracts, and currency and interest rate swaps. As at 30 June 2019 the fair values of commodity derivative contracts were measured using quoted market prices of commodity future contracts, while the fair values of the forward currency contracts and the fair values of currency and interest rate swaps were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs include the credit quality of counterparties and interest rate curves. The carrying amounts of the commodity derivative contracts, forward currency contracts, currency and interest rate swaps are the same as their fair values.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book multiples, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2019:

Unobservable inputs and sensitivity analysis for Level 3 assets

The financial assets measured at fair value held by the Group which were classified in Level 3 primarily correspond to debt securities investment funds and certain unlisted equity securities not quoted in an active market.

The fair value of debt securities, which consist of public and corporate bonds, is determined using broker quotes that cannot be corroborated with observable market transactions. Significant unobservable inputs for these bonds would include proprietary cash flow models and issuer spreads, which are comprised of credit, liquidity, and other security-specific features of the bonds. An increase (decrease) in these issuer spreads would result in a lower (higher) fair value.

The fair values of investment funds classified in Level 3 are based on net asset value (NAV) reports provided by the management of such funds.

For certain unlisted equity securities, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, etc., which requires the Group to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as price to earnings multiples, price to book multiples, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. An increase (decrease) in multiples would result in a higher (lower) fair value. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Unobservable inputs and sensitivity analysis for Level 3 liabilities

As part of the purchases agreement, contingent consideration included in other long-term liabilities is payable, which is dependent on the date of which Gland's enoxaparin product was approved by the US Food and Drug Administration. The amount recognised as at 30 June 2019 was RMB103,120,500 (31 December 2018: RMB102,948,000) which was determined using the discounted cash flow model and is under Level 3 fair value measurement. The consideration is due for final measurement and payment to the shareholders in 2020 and beyond. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of subsidiaries included in other long-term payables and accrued liabilities and other payables are certain financial ratios of relevant subsidiaries, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), net sales or other significant inputs, such as the latest equity transfer price.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value:

As at 30 June 2019 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
Equity investments designated at fair value through other comprehensive income	**396,404**	**522,207**	**383,170**	**1,301,781**
Debt investments at fair value through other comprehensive income	**57,318,934**	**13,458,404**	**195,257**	**70,972,595**
Financial assets at fair value through profit or loss	**24,095,041**	**19,599,568**	**8,200,486**	**51,895,095**
Derivative financial instruments	**182,189**	**706,976**	**80**	**889,245**
Policyholder account assets in respect of unit-linked contracts	**228,499**	**–**	**710**	**229,209**
Associates measured at fair value through profit or loss	**1,306,402**	**4,296,106**	**738,432**	**6,340,940**
	83,527,469	**38,583,261**	**9,518,135**	**131,628,865**

As at 31 December 2018 (audited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	767,206	480,314	397,598	1,645,118
Debt investments at fair value through other comprehensive income	68,322,054	15,620,498	206,613	84,149,165
Financial assets at fair value through profit or loss	22,143,743	17,572,945	9,299,110	49,015,798
Policyholder account assets in respect of unit-linked contracts	229,300	993	733	231,026
Derivative financial instruments	179,637	971,991	–	1,151,628
Associates measured at fair value through profit or loss	–	5,261,983	814,332	6,076,315
	91,641,940	39,908,724	10,718,386	142,269,050

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value: *(Continued)*

The movements in fair value measurements in Level 3 during the period/year are as follows:

	For the six months ended 30 June 2019 RMB'000	2018 RMB'000
At 31 December	**10,718,386**	7,351,732
Impact of adopting HKFRS9	**–**	1,731,940
At 1 January	**10,718,386**	9,083,672
Total gains recognised in the consolidated statement of profit or loss included in other gains	**357,454**	765,769
Total losses recognised in other comprehensive income	**(10,092)**	(164,796)
Addition	**874,388**	1,705,147
Acquisition of subsidiaries	**16,260**	1,048,567
Disposals	**(276,642)**	(2,786,118)
Exchange realignment	**12,754**	1,202,980
Transfers	**(2,174,373)**	(136,835)
	9,518,135	10,718,386

Assets for which fair values are disclosed:

As at 30 June 2019 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
Loans and advances to customers	**–**	**–**	**518,770**	**518,770**
Debt investments at amortised cost	**30,536,945**	**6,061,943**	**638,615**	**37,237,503**
	30,536,945	**6,061,943**	**1,157,385**	**37,756,273**

As at 31 December 2018 (audited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans and advances to customers	–	–	665,854	665,854
Debt investments at amortised cost	13,930,501	5,808,908	357,792	20,097,201
	13,930,501	5,808,908	1,023,646	20,763,055

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at 30 June 2019 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities for unit-linked contracts	**228,499**	**–**	**710**	**229,209**
Financial liabilities included in other long term payables	**–**	**–**	**3,272,419**	**3,272,419**
Financial liabilities included in other payables and accruals	**–**	**–**	**454,510**	**454,510**
Financial liabilities at fair value through profit or loss	**3,086,275**	**–**	**–**	**3,086,275**
Derivative financial instruments	**53,075**	**1,258,695**	**2,596**	**1,314,366**
	3,367,849	**1,258,695**	**3,730,235**	**8,356,779**

As at 31 December 2018 (audited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities for unit-linked contracts	229,300	993	733	231,026
Financial liabilities included in other long term payables	–	–	3,169,513	3,169,513
Financial liabilities included in other payables and accruals	–	–	397,858	397,858
Financial liabilities at fair value through profit or loss	1,825,082	–	–	1,825,082
Derivative financial instruments	135,124	1,496,254	–	1,631,378
	2,189,506	1,497,247	3,568,104	7,254,857

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value: *(Continued)*

The movements in fair value measurements in Level 3 during the period/year are as follows:

	For the six months ended 30 June 2019 RMB'000	2018 RMB'000
At 1 January	**3,568,104**	2,023,695
Total gains recognised in the consolidated statement of profit or loss included in other gains	**(19)**	(60,455)
Addition	**157,272**	1,604,859
Exchange realignment	**4,878**	5
	3,730,235	3,568,104

Liabilities for which fair values are disclosed:

As at 30 June 2019 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**62,991,255**	**63,916,815**	**–**	**126,908,070**
Deposits from customers	**–**	**–**	**82,388**	**82,388**
Financial liabilities included in other long term payables	**–**	**6,015,463**	**–**	**6,015,463**
	62,991,255	**69,932,278**	**82,388**	**133,005,921**

As at 31 December 2018 (audited)

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	62,991,255	55,136,753	–	118,128,008
Deposits from customers	–	–	68,042	68,042
Due to banks and other financial institutions	–	–	456,827	456,827
Financial liabilities included in other long term payables	–	6,103,926	–	6,103,926
	62,991,255	61,240,679	524,869	124,756,803

18. EVENTS AFTER THE REPORTING PERIOD

(1) On 2 July 2019, Fortune Star (BVI) Limited, an indirect subsidiary of the Company, issued four-year senior notes with a par value of USD700 million and an interest rate of 6.75% per annum. On 4 July 2019, Fortune Star (BVI) Limited and Wealth Driven Limited, two indirect subsidiaries of the Company, repurchased approximately USD130 million and USD104 million outstanding senior notes, respectively.

(2) On 12 July 2019, the Group, through its indirect subsidiaries, completed the acquisition of additional shares of Tom Tailor, an associate of the Group as at 30 June 2019, through the voluntary public takeover offer and held approximately 76.75% equity interest. Since the completion of the acquisition, Tom Tailor was accounted for as the subsidiary of the Group.

(3) On 30 July 2019, Fosun Industrial Co., Limited ("Fosun Industrial"), an indirect subsidiary of the Company, entered into a transaction agreement with NF Unicorn Acquisition L.P. ("NF") and its controlling shareholder, New Frontier Corporation ("NFC"), pursuant to which Fosun Industrial agreed to transfer all of its limited partnership interests in Healthy Harmony Holdings, L.P. and equity interests in Healthy Harmony GP, Inc. at a total consideration of approximately USD523 million. Amount of approximately USD429 million of the consideration was settled by cash and the rest USD94 million of the consideration was settled by the additional shares issued by NFC to Fosun Industrial, representing 6.62% of the enlarged issued share capital of NFC.

STATUTORY DISCLOSURES

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend for the six months ended 30 June 2019 (the "**Interim Dividend**") of HKD0.13 per Share (six months ended 30 June 2018: nil), payable to Shareholders whose names appear on the Company's register of members at the close of business on 13 September 2019, being the record date for determination of entitlement to the Interim Dividend. The Interim Dividend is expected to be paid on or around 27 September 2019.

The register of members of the Company will be closed from 11 September 2019 to 13 September 2019 (both days inclusive), during which period no share transfers can be registered. In order to qualify for the Interim Dividend, all share transfer documents, accompanied by the relevant share certificates and other relevant documents (if any), must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 10 September 2019.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 25 March 2015, unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the circular of the Company dated 26 April 2019.

The purposes of the Share Award Scheme are (i) to align the interests of the eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain the eligible persons to make contributions to the long-term growth and profits of the Group.

On 27 March 2019, the Board resolved to award an aggregate of 6,283,000 award Shares to 92 selected participants under the Share Award Scheme. The award Shares were settled by way of (i) issue and allotment of 5,973,750 New Award Shares pursuant to a specific mandate obtained in the annual general meeting of the Company held on 6 June 2019; and (ii) 309,250 award Shares which were lapsed before vesting under the 2016 Award, 2017 Award and 2018 Award. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the award Shares shall be transferred from the Trustee, Computershare Hong Kong Trustees Limited to the selected participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the New Award Shares have been fully issued to the Trustee.

The total number of non-vested award Shares granted to a selected participant under the Share Award Scheme shall not exceed 0.3% of the total number of issued Shares from time to time.

STATUTORY DISCLOSURES

Details of the movement of the Award Shares during the Reporting Period were as follows:

			Number of Award Shares				
Name of Director	**Date of grant**	**Vesting period[1]**	**Outstanding as at 1 January 2019**	**Vested during the Reporting Period**	**Granted during the Reporting Period**	**Lapsed/ cancelled during the Reporting Period**	**Outstanding as at 30 June 2019**
Chen Qiyu	27 March 2019	27 March 2020 to 27 March 2022	918,450	419,100	535,000	0	1,034,350
Xu Xiaoliang	27 March 2019	27 March 2020 to 27 March 2022	918,450	419,100	535,000	0	1,034,350
Qin Xuetang	27 March 2019	27 March 2020 to 27 March 2022	676,750	338,450	310,000	0	648,300
Wang Can	27 March 2019	27 March 2020 to 27 March 2022	493,400	221,100	310,000	0	582,300
Gong Ping	27 March 2019	27 March 2020 to 27 March 2022	404,700	179,300	235,000	0	460,400
Zhang Shengman	27 March 2019	27 March 2020 to 27 March 2022	60,350	31,700	25,000	0	53,650
Zhang Huaqiao	27 March 2019	27 March 2020 to 27 March 2022	60,350	31,700	25,000	0	53,650
David T. Zhang	27 March 2019	27 March 2020 to 27 March 2022	60,350	31,700	25,000	0	53,650
Yang Chao	27 March 2019	27 March 2020 to 27 March 2022	60,350	31,700	25,000	0	53,650
Lee Kai-Fu	27 March 2019	27 March 2020 to 27 March 2022	48,450	19,800	25,000	0	53,650
Sub-total			**3,701,600**	**1,723,650**	**2,050,000**	**0**	**4,027,950**
Other selected participants	27 March 2019	27 March 2020 to 27 March 2022	6,910,600	3,355,110	4,233,000	(63,000)	7,725,490
Total			**10,612,200**	**5,078,760**	**6,283,000[2]**	**(63,000)**	**11,753,440**

Notes:

(1) Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the Award Shares shall be transferred from the Trustee to the selected participants upon expiry of the following vesting periods:

Percentage of Award Shares to be Vested	**Vesting Date**
33%	27 March 2020
33%	27 March 2021
34%	27 March 2022

(2) Including the 309,250 Shares which had lapsed before vesting under the 2016 Award, 2017 Award and 2018 Award.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 19 June 2007 and it was expired on 18 June 2017 (the "**Old Share Option Scheme**"). All outstanding options granted under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the Old Share Option Scheme. The Company adopted a new share option scheme at the general meeting of the Company held on 6 June 2017 (the "**New Share Option Scheme**").

As at the end of the Reporting Period, the Company has granted accumulated 280,751,000 options to subscribe for an aggregate of 280,751,000 Shares under the Old Share Option Scheme and the New Share Option Scheme, and 249,435,000 effective options under the Old Share Option Scheme and the New Share Option Scheme were outstanding except for the expired, lapsed or cancelled options. The aggregate fair value of the Share Option Scheme granted during the six months ended 30 June 2019 amounted to approximately HKD196,264,000. The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted, as well as the factors such as risk-free interest rate, share price, volatility, expected life of options and dividend. The value of options are subject to a number of assumptions and limitations that may be subjective and uncertain.

The following table discloses movements in the Company's outstanding options under the Old Share Option Scheme and the New Share Option Scheme during the Reporting Period.

		Number of the options						
Name of Grantee	**Date of grant of the Options**	**On 1 January 2019**	**Granted during the Reporting Period**	**Exercised during the Reporting Period**	**Expired/ lapsed/ cancelled during the Reporting Period**	**On 30 June 2019**	**Exercise period of the options**	**Exercise price of the Options per Share** (HKD)
Chen Qiyu	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2022 to 3 May 2027[1]	11.75
Xu Xiaoliang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2022 to 3 May 2027[1]	11.75
Qin Xuetang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026[1]	11.53
Wang Can	8 January 2016	4,000,000	–	–	–	4,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	4,900,000	–	–	–	4,900,000	4 May 2022 to 3 May 2027[1]	11.75
Gong Ping	8 January 2016	4,000,000	–	–	–	4,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	4,900,000	–	–	–	4,900,000	4 May 2022 to 3 May 2027[1]	11.75
Other Grantees	8 January 2016	51,000,000	–	–	–	51,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	43,600,000	–	–	–	43,600,000	4 May 2022 to 3 May 2027[1]	11.75
	28 March 2018	48,912,000	–	–	27,857,000	21,055,000	28 March 2019 to 27 March 2028[2,3]	17.58
	27 March 2019	–	83,880,000	–	900,000	82,980,000	27 March 2020 to 26 March 2029[2,4]	12.86
Total		**194,312,000**	**83,880,000**	**–**	**28,757,000**	**249,435,000**		

STATUTORY DISCLOSURES

Notes:

1. The options under the Old Share Option Scheme are exercisable by each grantee in three tranches as set out below:

    (a) up to the first 20% of the Options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing on the date of the grant of Options (the "**Old Option Period**");

    (b) up to a further 30% of the Options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Old Option Period; and

    (c) in respect of the remaining 50% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Old Option Period.

2. The Options, being granted to the global core management staff under the New Share Option Scheme are exercisable in three tranches as set out below:

    (a) up to the first 20% of the Options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10th year period commencing on respective date of grant of the Options (the "**New Option Period**");

    (b) up to a further 30% of the Options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the New Option Period; and

    (c) in respect of the remaining 50% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the New Option Period.

3. The Options, being granted to the outstanding employees of the Group under the New Share Option Scheme are exercisable in five tranches as set out below:

    (a) up to the first 20% of the Options, at any time from the date falling on the first anniversary of the Date of Grant till the end of the Option Period;

    (b) up to a further 20% of the Options, at any time from the date falling on the second anniversary of the Date of Grant till the end of the Option Period;

    (c) up to a further 20% of the Options, at any time from the date falling on the third anniversary of the Date of Grant till the end of the Option Period;

    (d) up to a further 20% of the Options, at any time from the date falling on the fourth anniversary of the Date of Grant till the end of the Option Period; and

    (e) in respect of the remaining 20% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the first anniversary of the Date of Grant, at any time from the date falling on the fifth anniversary of the Date of Grant till the end of the Option Period.

4. The Options, being granted to the outstanding employees of the Group under the New Share Option Scheme are exercisable in four tranches as set out below:

    (a) up to the first 25% of the Options, at any time from the date falling on the first anniversary of the date of grant till the end of the New Option Period;

    (b) up to a further 25% of the Options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;

    (c) up to a further 25% of the Options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period; and

    (d) in respect of the remaining 25% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period.

The exercise of the Options by the Grantees is conditional upon the fulfilment of certain performance targets relating to the Group (the "**Performance Target**"). The Performance Target has been determined by the Board and specified in the respective grant letters of each Grantee. Unless the Performance Target is met, the Options granted to the Grantees will lapse.

PRE-IPO SHARE OPTION SCHEME OF FTG

FTG adopted a Pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") on 29 December 2017 and the shareholder of the Company approved the said scheme on 23 February 2018. The following detailed information in relation to the Pre-IPO Share Option Scheme is set out in the circular of the Company dated 1 February 2018 (the "**FTG Circular**"). Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the FTG Circular. Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the FTG Circular.

The Pre-IPO Share Option Scheme is designed to provide the participants with the opportunity to acquire proprietary interests in FTG and to encourage the participants to work towards enhancing the value of FTG and its shares for the benefit of FTG and its shareholder(s) as a whole.

On 14 December 2018, the shares of FTG were listed and traded on the Main Board of the Hong Kong Stock Exchange, since then, no further options (the "**Option**") has been or will be granted under the Pre-IPO Share Option Scheme. As of the end of the Reporting Period, 43,983,477 effective Options were outstanding.

In respect of the Options exercised during the Reporting Period, the weighted average closing price of the Shares at the date immediately before the exercise was HKD15.19.

The following table discloses movements in the outstanding Options under the Pre-IPO Share Option Scheme during the Reporting Period.

		Number of the Options						
Name of Grantee	**Date of grant of the Options**	**As of 1 January 2019**	**Granted during the Reporting Period**	**Exercised during the Reporting Period**	**Expired/ lapsed/ cancelled during the Reporting Period**	**As of 30 June 2019**	**Exercise period of the Options[1]**	**Exercise price of the Options per Share** (HKD)
Directors of FTG	23 February 2018	20,536,625	–	–	–	20,536,625	22 February 2018 to 22 February 2026[(1),(2)]	8.43
	19 November 2018	810,000	–	–	–	810,000	18 November 2019 to 18 November 2022[(3)]	15.60
Other Grantees	23 February 2018	10,202,372	–	51,210	256,830	9,894,332	28 December 2018 to 28 December 2021[(2)]	8.43
	19 November 2018	13,006,520	–	–	264,000	12,742,520	18 November 2019 to 18 November 2022[(3)]	15.60
Total		**44,555,517**	**–**	**51,210**	**520,830**	**43,983,477**		

Notes:

1. The Options, being granted to Mr. Qian Jiannong, one of the directors of FTG, on 23 February 2018 shall be vested according to the following period:

Percentage of Options to be vested	Vesting Date
20%	22 February 2019
20%	22 February 2020
20%	22 February 2021
20%	22 February 2022
5%	22 February 2023
5%	22 February 2024
5%	22 February 2025
5%	22 February 2026

STATUTORY DISCLOSURES

2. The Options, being granted to Mr. Wang Wenping, one of the directors of FTG, and other grantees on 23 February 2018 shall be vested according to the following period:

Percentage of Options to be vested	Vesting Date
25%	28 December 2018
25%	28 December 2019
25%	28 December 2020
25%	28 December 2021

3. The Options, being granted to Mr. Wang Wenping, one of the directors of FTG, and other grantees on 19 November 2018 shall be vested according to the following period:

Percentage of Options to be vested	Vesting Date
25%	18 November 2019
25%	18 November 2020
25%	18 November 2021
25%	18 November 2022

The exercise of the Options by the Grantees shall be subject to and conditional upon the fulfilment of certain performance targets as the board of FTG, or the duly authorized committee thereof, may determine at its sole discretion in accordance with the Pre-IPO Share Option Scheme.

Save as disclosed above, there were no outstanding Options granted under the Pre-IPO Share Option Scheme during the Reporting Period.

YUYUAN TRANCHE I SHARE OPTION INCENTIVE SCHEME

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan Tranche I Share Option Incentive Scheme on 27 November 2018 and 31 October 2018, respectively. The relevant details of the Yuyuan Tranche I Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 9 November 2018 (the "**Yuyuan Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Yuyuan Circular.

Subject to fulfilment of the conditions for exercising the options, after the expiry of 36 months from the Date of Grant, Grantees may exercise their options in three tranches as follows:

Tranche	Exercise period	Percentage of option exercisable
First tranche	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	20%
Second tranche	From the first trading day after the expiry of 48 months from the Date of Grant to the last trading day within 60 months from the Date of Grant	30%
Third tranche	From the first trading day after the expiry of 60 months from the Date of Grant to the last trading day within 72 months from the Date of Grant	50%

No payment shall be required to be made by the grantee for the application or acceptance of options under the Yuyuan Tranche I Share Option Incentive Scheme. The exercise price of the options granted under the Yuyuan Tranche I Share Option Incentive Scheme shall be RMB7.21 per Yuyuan share.

Yuyuan completed the grant of 4,500,000 options to the grantees under the Yuyuan Tranche I Share Option Incentive Scheme on 29 November 2018, of which the fair value was RMB10,200,000 calculated by Black-Scholes model. Details are set out in the Yuyuan Circular. The value of the options are subject to a number of assumptions and limitations that may be subjective and uncertain. The closing price immediately before the date of such options were granted was RMB7.33 per share.

YUYUAN TRANCHE II SHARE OPTION INCENTIVE SCHEME

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan Tranche II Share Option Incentive Scheme on 5 June 2019 and 28 May 2019, respectively. The relevant details of the Yuyuan Tranche II Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 25 April 2019 ("**Yuyuan Circular II**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Yuyuan Circular II.

Subject to fulfilment of the conditions for exercising the options, after the expiry of 36 months from the Date of Grant, Grantees may exercise their options in three tranches as follows:

Tranche	Exercise period	Percentage of option exercisable
First tranche	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	20%
Second tranche	From the first trading day after the expiry of 48 months from the Date of Grant to the last trading day within 60 months from the Date of Grant	30%
Third tranche	From the first trading day after the expiry of 60 months from the Date of Grant to the last trading day within 72 months from the Date of Grant	50%

No payment shall be required to be made by the grantee for the application or acceptance of options under the Yuyuan Tranche II Share Option Incentive Scheme. The exercise price of the options granted under the Yuyuan Tranche II Share Option Incentive Scheme shall be RMB9.09 per Yuyuan share.

Yuyuan completed the grant of 5,400,000 options to the grantees under the Yuyuan Tranche II Share Option Incentive Scheme on 13 June 2019, of which the fair value was RMB13,921,200 calculated by Black-Scholes model. Details are set out in the Yuyuan Circular II. The value of the options are subject to a number of assumptions and limitations that may be subjective and uncertain. The closing price immediately before the date of such options were granted was RMB7.96 per share.

GLAND PHARMA SHARE OPTION SCHEME

The shareholders of the Company and Fosun Pharma approved the adoption of the Gland Pharma Share Option Scheme on 5 June 2019 and 25 June 2019, respectively. The relevant details of the Gland Pharma Share Option Scheme under the following paragraphs were set out in the circular of the Company dated 26 April 2019 (the "**Gland Pharma Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Gland Pharma Circular.

Subject to the satisfaction of the vesting criteria and conditions of the Gland Pharma Share Option Scheme, the options granted shall vest as follows:

Percentage of Option Vested	Vesting Date
40%	31 March 2020, 2021 or 2022
30%	31 March 2021 or 2022
30%	31 March 2022

The exercise price of the vested options shall be determined in accordance with the Gland Pharma Share Option Scheme. Gland Pharma while determining the exercise price shall confirm to the accounting policies.

STATUTORY DISCLOSURES

HUMAN RESOURCES

As of 30 June 2019, the Group had approximately 74,000 employees.

During the first half of 2019, guided by the ambition of making a world of difference by serving families worldwide and the strategic initiatives of implementing "1+N" product lines, Fosun's human resources division focused on constantly consolidating the soil of Fosun's cultural values in order to further improve industry operation capabilities. Meanwhile, we comprehensively promoted the building-up of organizational capabilities in the organizations in Fosun ecosystem of various status. Implementing the strategy planning by top-level design, optimizing the efficiency and vitality by organizational mechanism optimization, and ensuring the organizational agility and high efficiency by the establishment of digital and high-tech system, we aimed to enhance the organizational health and form a talent-and-high-potential-fulfilled and long-lasting organizational ecosystem by establishing and optimizing culture and values, partnership models, talent pipelines, etc.

We concentrate on the global talent layout, continually introduce industry-leaders and high-potential talents across the industries, and aim to establish an excellent STEM talent echelon (Star/Talent/Elite/Master). In order to enhance the vitality of the organization, we are actively seeking for top talents who are "intelligent, competitive, competent and determined" to join us. During the process of talents introduction, we pursue self-transcendence, build ranking mechanism for Fosun talent scouts, to continuously improve the talent introduction ability and efficiency of ONE Fosun. Additionally, we fully share the talent resources, build the sharing service platform of talent scouts, and constantly optimize the ONE Fosun talent pool system and information construction. In terms of employer branding, Fosun Ecological Enterprise join hands to make improvement, hold global campus recruitment under ONE Fosun brand to attract talents from all fields at home and abroad and continue to inject fresh blood into the enterprise. We facilitate the evolution of organizational structure and mechanisms, focus on the top-level structure and product-line, thereby promoting organizational capabilities of the Group's industry groups and its portfolio companies. Also, we continue to promote multi-dimensional, multi-partnership and deep-rooted partnership model and various relative measures. By improving talent efficiency, talent structure, talent pipelines, and optimizing human resources mechanism, we promote the mutual empowerment among the Group and its portfolio companies. Meanwhile, by focusing on high potential talents with outstanding performances, we provide them with more promotion and development opportunities, and fully exploit the employees' potential; we encourage talent rotation among business units and functional lines, among the Group and the portfolio companies, building a symbiotic, connected and shared ONE Fosun talent ecosystem; in line with the strategic transformation, design and optimize various incentive systems, according to the different characteristics of each business, we actively explore innovative tools and ideas to improve the accuracy of incentive mechanism, facilitate team stability and cohesion through the promotion of the design and implementation of long-term incentive mechanism at the level of portfolio companies.

Fulfilment of the Commitment to Employees

Fosun regards its employees as its most valuable capital. Meanwhile, Fosun has been aiming to provide the best platform for employees to realize their values. We fully protect the interests of employees, and are always concerned about the personal development of our staff. We emphasize on the importance of cultivating outstanding talents with an international perspective, and devise a career development path with Fosun characteristics to facilitate the synergy development between the Company and our employees.

Employee Caring and Services

Fosun persists in improving, innovating and strengthening the establishment of a comprehensive and diversified benefit system in order to create a sound enterprise atmosphere and enhance the sense of belonging among the employees. Upholding the value of "Self-improvement, Teamwork, Performance and Contribution to Society", Fosun cares not only for its employees, but also their families.

Fosun continues to strengthen the promotion and investment of employees' health management, and innovates the health management model. In addition to covering the annual physical examination of all employees, Fosun also encourages employees to participate in fitness activities such as Tai Chi and dance, regularly promotes healthcare tips, and conducts healthcare lectures, in order to strengthen employee healthcare awareness. Integrating the rich medical and insurance resources within the Group, we provide a variety of health services. By integrating advanced technology companies within the Group, we organize employees to experience futuristic technologies in the first time, and provide online consultation, online reservation of physical examination, online claim of medical expenses and etc.

Fosun has established different schemes for various employee groups. Focusing on the happiness ecosystem created by the Group, we also involve our employees' family members in various warm-hearted activities of the Company. We fully utilized the Group's own resources so that employees can access to all types of internal products, services and related resources at lower costs more conveniently.

We use the internet and various innovative channels to enrich employee services. We have further optimized and innovated the methods of benefit distribution and dissemination, such as announcing or introducing employee benefits, as well as various remuneration benefits and human resources policies through our own mobile application. Employees can not only check their benefits through our self-developed mobile application platform, but also can use employee points to pay for meals or other convenient service online. Meanwhile, our Global Human Resources Intellectual Shared Service Centre continuously consolidates various resources both domestically and overseas, so that we are able to provide better service to our employees all over the world.

Employee Learning and Development

Fosun believes that talents represent the core competitiveness of an enterprise, and as such, it has always been valuing the development of both the Company and its staff as one of the most important responsibilities of Fosun. It provides the employees with more opportunities for career development and better working conditions through sustained efforts. With continuous growth and structural improvement, we have promoted the integration and cooperation among team members, created value and built groups with continuing learning culture. These measures allow both the Group and its staff to build a brilliant future together.

In accordance with the development strategy and the human resources planning requirements of the Group and taking into account the characteristics of its own development, we have established talent development and professional talent training programs for different levels. We plan development paths that match different development goals. We also design training courses in accordance with the quality of capabilities and occupational requirements to help employees grow rapidly. In addition, real business issues are addressed in the programs. In the first half of 2019, projects such as Global Leadership Development Program, Leadership Development Training Camp, CHO Training Camp and Weekend Talk are launched.

Online learning products have been evolved continuously with wider variety in contents. A convenient online learning platform is provided for employees of the Group, employees of enterprises under incubation and employees of some core portfolio companies.

Employment and Labour Standards

Our employees are our most valuable asset and also the core of competitive advantages of the Group. The Group has been adhering to the principle of "attracting people with development, uniting people by career, training people with work and appraising people with performance" and advocates fair competition and opposes discrimination. All employees and job applicants are not confined by factors such as gender, age, race, skin colour and religious belief. The establishment of all human resources policies strictly complies with all rules and relevant regulations in connection with remuneration and dismissal, recruitment and promotion, employee schedule, equal opportunities, diversity, working hours, rest periods and other benefits in countries/regions where our operations are located.

During the Reporting Period, all employees of the Group met the minimum working age requirements set out in the relevant laws of the countries/regions where our operations were located and the employment of child labour or forced labour is prohibited.

Employee Incentive

The Group always implements the incentive principles of value creation, performance orientation, profit and loss sharing, and clear reward and punishment. Oriented by strategy implementation and employee development, the Group continuously optimizes the multi-level and full-coverage remuneration system to complete the mid-to-long-term incentive system. Through the flexible and comprehensive incentives, together with different business demands and incentive tools, we empower the business and motivate the team.

Human Resources Intelligent Innovation

Guided by the strategy of technology leading and innovation keeping, the Group's Human Resources Management Centre uses various innovative technologies to develop human resources system and tools for building up the ONE Fosun iHR ecosystem, thereby providing a smart, efficient, compliant global digital human resources solution for the group headquarters, various industrial groups and portfolio companies.

STATUTORY DISCLOSURES

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2019, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(1) Long positions in the Shares, underlying shares and debentures of the Company

Name of Director/chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	6,044,246,673[1]	Corporate	70.75%
Chen Qiyu	Ordinary	17,418,000	Individual	0.20%
Xu Xiaoliang	Ordinary	14,985,000	Individual	0.18%
Qin Xuetang	Ordinary	15,797,640	Individual	0.18%
Wang Can	Ordinary	10,035,000	Individual	0.12%
Gong Ping	Ordinary	9,935,000	Individual	0.12%
Zhang Shengman	Ordinary	780,000	Individual	0.01%
Zhang Huaqiao	Ordinary	430,000	Individual	0.01%
David T. Zhang	Ordinary	130,000	Individual	0.00%
Yang Chao	Ordinary	120,000	Individual	0.00%
Lee Kai-Fu	Ordinary	85,000	Individual	0.00%

(2) Long positions in the shares, underlying shares and debentures of the associated corporations (within the meaning of Part XV of the SFO) of the Company

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares/ Amount of debentures	Type of interests	Approximate percentage in relevant class of shares/ debentures
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	85.29%
	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
		A shares[3]	938,095,290	Corporate	46.65%
		H Shares	32,433,500	Corporate	5.88%
	Sisram Med	Ordinary	330,558,800	Corporate	74.76%
	FTG	Ordinary	1,015,389,932[2]	Corporate	82.32%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	14.71%
	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
	FTG	Ordinary	1,478	Individual	0.00%
Xu Xiaoliang	FTG	Ordinary	2,328	Individual	0.00%
Qin Xuetang	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
	Fortune Star (BVI) Limited	N/A	2,000,000	Individual	0.14%
Wang Can	FTG	Ordinary	829	Individual	0.00%
Gong Ping	FTG	Ordinary	988	Individual	0.00%

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 6,044,246,673 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

(2) Pursuant to Division 7 of Part XV of the SFO, 1,015,389,932 shares of FTG held by Mr. Guo Guangchang are deemed corporate interests held through the Company and Fosun Holdings.

(3) A share represents the stocks listed on the SSE.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, so far as was known to the Directors, the following persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,044,246,673[2]	70.75%
Fosun International Holdings[1]	6,044,246,673[2] [3]	70.75%

Notes:

(1) Fosun International Holdings is owned as to 85.29% and 14.71% by Messrs. Guo Guangchang and Wang Qunbin, respectively.

(2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings, therefore, Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

(3) Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings. Mr. Guo, by virtue of his ownership of shares in Fosun International Holdings as to 85.29%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed herein and so far as was known to the Directors, during the Reporting Period, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

STATUTORY DISCLOSURES

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors during the Reporting Period are set out below:

(1) Change in the significant positions held within the Group

Name of Director	Date of change	Original position	Current position
Wang Qunbin	25 June 2019	Non-executive director of Fosun Pharma	–
Xu Xiaoliang	25 June 2019	–	Non-executive director of Fosun Pharma
Wang Can	18 April 2019	Executive director, senior vice president and chief financial officer of the Company	Executive director, senior vice president and chief growth officer of the Company

(2) Changes in other directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas other than disclosed above

Name of Director	Date of change	Original position	Current position
Wang Qunbin	22 March 2019	Non-executive director of Sinopharm	–
Chen Qiyu	28 February 2019	Director of Dian Diagnostics Group Co., Ltd.	–
Zhang Huaqiao	28 March 2019	Independent non-executive director of China Rapid Finance Limited	–
	6 May 2019	Non-executive director of Boer Power Holdings Limited	–
Lee Kai-Fu	5 June 2019	Independent non-executive director of Shangri-La Asia Limited	–
	30 June 2019	Non-executive director of Hon Hai Precision Industry Co., Ltd.	–

(3) Changes in Directors' remuneration with effect during the Reporting Period

Unit: RMB million

Name of Director	Date of changes	Remuneration	Target performance related bonus[(1)]
Guo Guangchang	1 April 2019	4.90	3.65
Wang Qunbin	1 April 2019	4.70	3.50
Chen Qiyu	1 April 2019	4.20	3.15
Xu Xiaoliang	1 April 2019	4.20	3.15
Qin Xuetang	1 April 2019	3.80	2.85
Wang Can	1 April 2019	3.00	2.25
Gong Ping	1 April 2019	3.00	2.20

Note:

(1) To be determined based on internal appraisal of various performance indicators.

Save as disclosed herein, there is no information required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company purchased a total of 10,750,000 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD110,759,839.60 during the Reporting Period. As of 27 August 2019, all the purchased Shares have been cancelled.

Month	Total number of Shares repurchased	Purchase price paid per Share Highest (HKD)	Purchase price paid per Share Lowest (HKD)	Total purchase price paid (HKD)
May 2019	6,800,000	11.42	10.02	71,410,329.60
June 2019	3,950,000	10.12	9.84	39,349,510.00
Total	**10,750,000**	**–**	**–**	**110,759,839.60**

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares during the Reporting Period.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises five independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu. The main duties of the Audit Committee are to review and monitor the financial reporting procedures, risk management and internal control system of the Company, and to provide recommendations and advice to the Board.

The interim results of the Company for the Reporting Period are unaudited but have been reviewed by the Audit Committee of the Company. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

COMPLIANCE WITH THE CG CODE

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiry has been made to each of the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period. The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the above mentioned written guidelines by the relevant employees of the Company was noted by the Company.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Wang Qunbin *(Chief Executive Officer)*
Chen Qiyu *(Co-President)*
Xu Xiaoliang *(Co-President)*
Qin Xuetang
Wang Can
Gong Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
Zhang Huaqiao
David T. Zhang
Yang Chao
Lee Kai-Fu

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Zhang Huaqiao
David T. Zhang
Yang Chao
Lee Kai-Fu

REMUNERATION COMMITTEE

Zhang Huaqiao *(Chairman)*
Wang Qunbin
Zhang Shengman
David T. Zhang
Yang Chao
Lee Kai-Fu

NOMINATION COMMITTEE

David T. Zhang *(Chairman)*
Wang Qunbin
Zhang Shengman
Zhang Huaqiao
Yang Chao
Lee Kai-Fu

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Yang Chao *(Chairman)*
Qin Xuetang
Wang Can
Zhang Shengman
Zhang Huaqiao
David T. Zhang
Lee Kai-Fu

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Qin Xuetang
Wang Can

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

China Development Bank
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
Agricultural Bank of China
China Merchants Bank
Ping An Bank
China Construction Bank
China Citic Bank
Bank of Shanghai
The Export-Import Bank of China
Hongkong and Shanghai Banking Corporation Limited
Bank of East Asia
Standard Chartered Bank
Natixis Bank
Hang Seng Bank

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

00656

WEBSITE

http://www.fosun.com

GLOSSARY

FORMULA

Adjusted NAV per share	=	(market value of listed investments held at the group level + the fair value of unlisted investments estimated by the management utilizing precedent transactions analysis or comparable company analysis – the net debt at the group level)/total issued number of shares of the Company
EBITDA	=	profit for the period + tax + interest expenses, net + depreciation and amortisation
Interest coverage	=	EBITDA/net interest expenditures
ROE	=	profit attributable to owners of the parent for the year/[(opening balance of equity attributable to owners of the parent + ending balance of equity attributable to owners of the parent)/2]
Total capitalization	=	equity attributable to owners of the parent + non-controlling interests + total debt
Total debt	=	current interest-bearing bank and other borrowings + non-current interest-bearing bank and other borrowings
Total debt to total capital ratio	=	total debt/(shareholder's equity + total debt)

ABBREVIATIONS

AHAVA	AHAVA Dead Sea Laboratories Ltd.
AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
Babytree	Babytree Group, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01761
Baihe Jiayuan	Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司), a company whose shares are listed on the NEEQ with stock code 834214
BCP	Banco Comercial Português, S.A., a company whose shares are listed on the Euronext Lisbon with stock code BCP
Besino Environment	Besino Environment Ltd. (柏中環境科技（上海）有限公司)
the Board	the board of Directors
BRL	Brazil Real, the official currency of Brazil
Cainiao	Cainiao Network Technology Co., Ltd. (菜鳥網絡科技有限公司)
Caruso	Raffaele Caruso S.p.A.
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chancheng Hospital	Foshan Chancheng Central Hospital Company Limited
Club Med	Club Med SAS
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
EUR	Euro, the official currency of the Eurozone
FFT	FFT GmbH & Co. KGaA
Fidelidade	Fidelidade – Companhia de Seguros, S.A.
Fidelidade Assistência	Fidelidade Assistência – Companhia de Seguros, S.A. (formerly known as Cares – Companhia de Seguros, S.A.)
Fosun Capital	Shanghai Fosun Capital Investment Management Co., Ltd. (上海復星創富投資管理股份有限公司)
Fosun Hani Securities	Fosun Hani Securities Limited
Fosun Holdings	Fosun Holdings Limited
Fosun Insurance Portugal	Fidelidade, Multicare and Fidelidade Assistência
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥（集團）股份有限公司), a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	Fosun United Health Insurance CO., LTD (復星聯合健康保險股份有限公司)
FTG	Fosun Tourism Group, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01992
GBP	Pound Sterling, the official currency of United Kingdom
GFA	Gross floor area
Gland Pharma	Gland Pharma Limited

GLOSSARY

the Group or Fosun	the Company and its subsidiaries
H&A	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Hainan Mining	Hainan Mining Co., Ltd. (海南礦業股份有限公司), a company whose A shares are listed on the SSE with stock code 601969
HKD	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
JPY	Japanese yen, the official currency of Japan
LANVIN	Jeanne Lanvin SAS
La Positiva	La Positiva Seguros y Reaseguros S.A.
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Luz Saúde	Luz Saúde, S.A., who has been delisted from the Euronext Lisbon in November 2018
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Multicare	Multicare – Seguros de Saúde, S.A.
Mybank	Zhejiang E-Commerce Bank Co., Ltd. (浙江網商銀行股份有限公司)
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司), a company whose A share are listed on the SSE with stock code 600282
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鋼鐵聯合有限公司)
NEEQ	National Equities Exchange and Quotations
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd. (復星保德信人壽保險有限公司)
PRC or China	the People's Republic of China
Reporting Period	the six months ended 30 June 2019
Rio Bravo	Rio Bravo Investimentos S.A.
RMB	Renminbi, the official currency of the PRC
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd. (北京三元食品股份有限公司), a company whose A shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Charter 571 of the laws of Hong Kong)
Shanghai Henlius	Shanghai Henlius Biotech Co., Ltd. (上海復宏漢霖生物技術股份有限公司)
Share(s)	the share(s) of the Company
Share Award Scheme	the share award scheme adopted by the Company on 25 March 2015, as amended from time to time
Silver Cross	Silver Cross Nurseries Limited
Sinopharm	Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01099
Sisram Med	Sisram Medical Ltd, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01696
SSE	the Shanghai Stock Exchange
Starcastle Senior Living	Shanghai Starcastle Senior Living Co., Ltd. (上海星堡老年服務有限公司)
St Hubert	St Hubert SAS
Tom Tailor	TOM TAILOR Holding SE, a company whose shares are listed on the Frankfurt Stock Exchange with stock code TTI
Tsingtao Brewery	Tsingtao Brewery Company Limited (青島啤酒股份有限公司), a company whose A shares are listed on the SSE with stock code 600600, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 00168
USD	United States dollars, the official currency of the United States
Wolford	Wolford Aktiengesellschaft, a company whose shares are listed on the Vienna Stock Exchange with stock code WOL
Wolves	Wolverhampton Wanderers Football Club
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited (永安財產保險股份有限公司)
Yuyuan	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司), a company whose A shares are listed on the SSE with stock code 600655

FOSUN 复星